



COMMUNITY DEVELOPMENT COMMISSION

County of Los Angeles

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Executive Director

September 9, 2003

Honorable Board of Commissioners
Community Development Commission
of the County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

**DISPOSITION AND DEVELOPMENT AGREEMENT WITH
THE WIN PROJECT TO CONSTRUCT A SINGLE-FAMILY HOME IN
UNINCORPORATED WILLOWBROOK (2)
(3 Votes)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the development of a single-family home on Community Development Commission-owned property, located at 1558 East 117th Street in unincorporated Willowbrook, is excluded from the National Environmental Policy Act (NEPA) and exempt from the California Environmental Quality Act (CEQA), as described herein, because it involves replacement of a similar structure, and will not have the potential for causing a significant effect on the environment.
2. Approve a Disposition and Development Agreement (DDA), submitted in substantially final form, between the Commission and The WIN Project (the Developer), for development of the single-family home described above.
3. Authorize the Executive Director to provide a loan of up to \$156,270 in Home Investment Partnerships (HOME) Program funds for construction financing; and authorize the Executive Director to increase the loan amount by up to \$20,860 using HOME funds, to provide for unforeseen construction costs.

4. Authorize the Executive Director to provide a grant to the Developer of \$22,950 in Community Development Block Grant (CDBG) funds allocated to the Second Supervisorial District, for on- and off-site improvements, pre-development costs and other eligible expenses as described in the DDA; and authorize the Executive Director to increase the grant by up to \$4,590, using the same source of funds, to provide for unforeseen costs.
5. Authorize the Executive Director to provide a Bond Defeasance Land Loan of \$45,000, to convey the site to the Developer, using funds earned from the prior issuance of tax-exempt bonds.
6. Authorize the Executive Director to incorporate up to \$27,540 in CDBG funds allocated to the Second Supervisorial District, and up to \$177,130 in HOME funds, into the Commission's Fiscal Year 2003-2004 approved budget, for the purposes described above.
7. Authorize the Executive Director to execute the DDA, and all related documents, to be effective following approval as to form by County Counsel and execution by all parties, and to take all actions necessary to implement the project.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this action is to approve a DDA between the Commission and the Developer to construct a single-family home for purchase by a first-time, low-income homebuyer.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. The estimated total development cost of the project is \$200,000.

Under the terms of the DDA, the site will be conveyed to the Developer for \$45,000 as a Bond Defeasance Land Loan, and the Developer will assume responsibility for the development, construction and sale of the home. The source of the loan is Bond Defeasance Funds, which are funds earned from the prior issuance of tax-exempt bonds. Upon the sale of the home to the first-time homebuyer, this loan will convert to a Bond Defeasance Secondary Unit Loan to the homebuyer, which is described below.

The Commission will provide a grant to the Developer of \$22,950 in CDBG funds allocated to the Second Supervisorial District, for on- and off-site improvements, pre-development costs, and other eligible expenses. The grant amount may be increased up to 20 percent, or \$4,590, using the same source of funds, for unforeseen expenses.

The Commission will also provide a two-year construction loan to the Developer of \$156,270 in HOME funds. The HOME loan will be evidenced by a Promissory Note and secured by a Deed of Trust. It will accrue interest at the rate of three percent simple interest per annum, commencing on the date of the close of escrow and ending on the date when all required sums are paid, no later than 24 months from the date of the Promissory Note. Interest and all other charges due under the HOME loan will be waived if the home is sold within 60 days following completion, otherwise the interest will be deducted from the Developer Fee. The loan amount may be increased by up to 20 percent of the construction costs, or \$20,860 in HOME funds, for unforeseen costs, under the same terms and conditions.

After construction, the house will be sold for its appraised value, currently \$200,000. The sale price will be determined at the time of sale by an independent, Commission-approved appraiser. The home will be reserved for a qualified, low-income buyer earning between 70 and 80 percent of the area median income for the Los Angeles-Long Beach Metropolitan Statistical Area, as defined by the U.S. Department of Housing and Urban Development (HUD), adjusted for family size.

The buyer will contribute a down payment of approximately \$4,000 and obtain a first trust deed loan totaling approximately \$130,000. To bridge the financing gap between the estimated sale price and the financing available for the down payment and first trust deed loan, the Bond Defeasance Land Loan will convert to a Bond Defeasance Secondary Unit loan ("soft second"), for the appraised value of the land, estimated at \$45,000, to be evidenced by a Promissory Note and secured by a Deed of Trust. If a financing gap still exists, the Commission will provide a non-funded third trust deed, which will be an encumbrance on the home but accrue no interest.

A Developer Fee of \$15,000 will be paid out of the proceeds of the home sale. The proceeds from the sale will also be applied to the principal on the construction loan, with any remaining balance used as a grant to the development to reduce the cost to the first-time homebuyer.

A Financial Analysis is provided as Attachment A.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

In 2000, the Commission purchased the subject property from HUD for \$1.00. The site 3,425 square foot site, which is currently vacant, will be used to construct a three-bedroom, two and one-half bath home containing 1,400 square feet of usable space.

Should the Developer require additional or replacement personnel after the effective date of the DDA, the Developer will give consideration for any such employment openings to participants in the County's Department of Public Social Services' Greater Avenues for Independence (GAIN) Program who meet the minimum qualifications for the open positions. The Developer will contact the County's GAIN Division for a list of participants by job category.

The DDA will be effective following approval as to form by County Counsel and execution by all parties.

ENVIRONMENTAL DOCUMENTATION:

Pursuant to 24 Code of Federal Regulations, Part 58, Section 58.35 (a)(4) this project is excluded from the need to prepare an Environmental Impact Statement or an Environmental Assessment under the provisions of NEPA because it involves activities that will not alter existing environmental conditions. The project is also exempt from the provisions of CEQA, pursuant to State CEQA Guidelines 15302, because it involves replacement of a previously existing structure that will have substantially the same purpose and capacity as the original structure.

The environmental review record for this project is available for viewing by the public during regular business hours at the Commission's offices, located at 2 Coral Circle in the City of Monterey Park.

IMPACT ON CURRENT PROGRAM:

Approval of the DDA will increase the number of affordable homes in the County, and give a first-time, low-income buyer an opportunity to purchase a home.

Respectfully submitted,

CARLOS JACKSON
Executive Director

Attachments: 2

ATTACHMENT A
FINANCIAL ANALYSIS

1558 East 117th Street, unincorporated Willowbrook

The project consists of a single family, for-sale home to be located at 1558 East 117th Street in unincorporated Willowbrook. The home will be reserved for a qualified, low-income homebuyer whose household income is between 70 and 80 percent of the area median income for the Los Angeles/Long Beach Metropolitan Statistical Area (MSA), adjusted for family size as defined by the U.S. Department of Housing and Urban Development (HUD). The following is a financial analysis of the development based on currently available data on buyer funds and sale prices. The final sales price will be determined by appraisal following construction.

	Total
<u>Development Phase:</u>	
Sources	
Commission Land Value	\$ 20,780*
Infrastructure Grant (CDBG)	22,950**
Construction Loan (HOME)	156,270**
TOTAL	\$200,000
Uses	
Total Development Cost	\$200,000
<u>Permanent Phase:</u>	
Sources	
Downpayment (Buyer Cash)	\$ 4,000
First Trust Deed (Buyer)	130,000
Soft Second (Land/Bond Defeasance)	45,000*
Soft Third (Tertiary Unit Note)	6,000
Developer Fee	15,000
TOTAL	\$200,000
Uses	
Total Development Cost	\$200,000

* The property was purchased for \$1.00 from HUD on July 19, 2000, under the Good Neighbor Policy. Based on an estimated sales value of the home of \$200,000 and a total construction cost of \$179,220 (the sum of the Infrastructure Grant and the Construction Loan), the \$20,780 difference is the residual value which can be attributed to the land.

** The HOME loan may be increased by 20 percent of construction costs, and the CDBG grant may be increased by 20 percent, to cover unforeseen costs.

DISPOSITION AND DEVELOPMENT AGREEMENT

FOR

DEVELOPMENT OF 1558 EAST 117th STREET, WILLOWBROOK

BY AND BETWEEN

**THE COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES**

AND

THE WIN PROJECT

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DISPOSITION AND DEVELOPMENT AGREEMENT

HOME, CDBG Program Funds

Transaction Summary

Project Name 1558 East 117th Street, Willowbrook

Developer Name: The WIN Project

☐ Limited Partnership ☐ LLC ☒ Nonprofit Public Benefit Corporation Other

Jurisdiction of Borrower Entity: California

Total Number of Units in Project: 1 Location (Jurisdiction): Unincorporated Willowbrook

☐ Incorporated ☒ Unincorporated Total Project Sites Acreage: 3425 square feet

Project Type: Single-Family, For-Sale

Affordability (# assisted units, income levels): One (1) Assisted Unit shall be sold to a Qualified Buyer whose household income is between seventy percent (70%) and eighty percent (80%) of the Area Median Income. The unit shall have 3-bedrooms.

HOME Loan: \$156,270

CDBG Infrastructure Grant: \$ 22,950

Bond Defeasance Land Loan: \$ 45,000

Repayment Terms on Individual Unit Loans: Secondary and Tertiary Loans due upon sale or transfer of Unit with Shared Appreciation Feature.

Other Anticipated Financing Sources for Unit Purchasers / Priority Relative to HOME Loans and Bond Defeasance Land Loan:

(1) Conventional Lender

X senior ☐ junior ☐ parity/NA

(2) Homebuyer Downpayment:

☐ senior ☐ junior X parity/NA

The foregoing Transaction Summary is provided for the convenience of the parties. In case of any conflict, the detailed terms below and/or in the attachments to this Disposition and Development Agreement shall control.

THIS DISPOSITION AND DEVELOPMENT AGREEMENT (“Agreement”) is made as of the __th day of _____, 2003, by and between the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic (herein referred to as “Commission”), and The WIN Project, a California non-profit public benefit corporation. (“Developer”). Commission and Developer are sometimes referred to collectively herein as the “Parties” and each individually as a “Party.”

R E C I T A L S

A. WHEREAS, funding from three different government sources will be used to develop this project, as indicated by the table below:

Unit Type	Number of Units	Bond Defeasance Land Loan	HOME Construction Loan	CDBG Infrastructure Grant	Restricted to 80% Households
Assisted Units	1	Yes	Yes	Yes	Yes
Total	1				

B. WHEREAS, the Commission intends to convey one parcel of land to the Developer in order to develop the housing development (“Project”) described in the Transaction Summary above. This conveyance will be evidenced by a promissory note (the “Bond Defeasance Land Loan”) attached hereto as Exhibit “R”. The Project will be developed on a site (“Site”) legally described on Exhibit “A” to this Agreement. A detailed Project description is attached hereto as Exhibit “B” and reduced site plans and elevations for the Project are attached hereto as Exhibit “E”.

C. WHEREAS, upon completion of the Project, Developer is required to sell the Project to a household earning between seventy percent (70%) and eighty percent (80%) of the Area Median Income (“Qualified Buyer”), hereinafter referred to as the “Assisted Unit”. Area Median Income is defined in Section 6.1.

D. WHEREAS, to finance the Project, the Commission will provide from the HOME Investment Partnerships (“HOME”) Program, a construction loan (the “HOME Construction Loan”) with respect to the Project, a second trust deed home purchase loan (“Secondary Unit Land Loan”), and a third trust deed loan (“Tertiary Unit Loan”) - to a Qualified Buyer of the Assisted Unit.

E. WHEREAS, to finance infrastructure for the Project, the Commission will provide from the Community Development Block Grant (“CDBG”) Program, an infrastructure grant (the “CDBG Infrastructure Grant”) for the Assisted Unit under the terms and conditions set forth in this Agreement. The CDBG Infrastructure Grant will benefit both Developer and Commission by increasing the marketability of the Project and providing affordable housing opportunities for a Qualified Buyer as specified herein and in the Transaction Summary above.

F. WHEREAS, as more particularly described below, Developer will deliver to the Commission, among other items, the “HOME Construction Deed of Trust” (as this term is defined below) to evidence and secure repayment of the HOME Construction Loan and ensure that the affordability and habitability of the Assisted Unit is maintained in accordance with the terms of those instruments and this Agreement.

NOW, THEREFORE, the Parties agree as follows:

A G R E E M E N T

1. COMMISSION FINANCING ASSISTANCE

1.1 Project Development Loans

a. Bond Defeasance Land Loan

The Commission agrees, subject to the terms and conditions of this Agreement, to make the Bond Defeasance Land Loan in order to facilitate the development of the Assisted Unit. The Bond Defeasance Land Loan will be in the amount of \$45,000, the appraised value of the Site, which is to be conveyed to the Developer through a Grant Deed in a form set forth on the attached Exhibit "I", as more particularly described below in Section 4.2. The Loan will be evidenced by a Promissory Note in the form set forth on the attached Exhibit "R" (the "Bond Defeasance Land Note"), and secured by a Deed of Trust, in a form set forth on the attached Exhibit "S" (the "Bond Defeasance Deed of Trust").

Except for the default interest provisions in the Bond Defeasance Land Note, the disbursed and unpaid principal balance of the Bond Defeasance Land Loan shall accrue interest at the rate of 3 percent (3%) per annum, simple interest commencing on the date of the close of the Conveyance Escrow, and ending on the date when all sums are paid, as provided herein and in the Bond Defeasance Land Note. Interest shall be computed on the basis of actual number of days elapsed and a 360-day year. Absent an Event of Default or any other event of acceleration under this Agreement or the Note, and subject to the debt interest commencing on the date of the close of the Conveyance Escrow, as defined in Section 4.2, the principal due under the Bond Defeasance Land Loan will be due and payable. Interest and all other charges due under the Bond Defeasance Land Loan shall be waived by the Commission if the Assisted Unit is completed and is sold by the date specified in the Schedule of Performance.

In the event of reasonable delay, the Commission may, in its absolute and sole discretion, allow an extension of this period. Otherwise, interest and other charges due under the Bond Defeasance Land Loan shall also be due and payable on the date the Assisted Unit is sold, the amounts of such payments being as set forth in the Bond Defeasance Land Note. Such amount shall be deducted from the Developer Fee payable by the Commission upon sale of the Assisted Unit, as described in Section 5.5. The Bond Defeasance Loan shall be secured by a deed of trust in the form attached hereto as Exhibit "S" (the "Bond Defeasance Deed of Trust").

As repayment of the Bond Defeasance Land Loan, the Commission agrees to accept an in-lieu payment for the Site in the form of a Bond Defeasance Secondary Unit Loan, from the Qualified Buyer purchasing the Assisted Unit in the completed Project, as defined in Section 5.4.a.

b. HOME Construction Loan

The Commission agrees, subject to the terms and conditions of this Agreement, to make the HOME Construction Loan in order to facilitate the development of the Assisted Unit. The HOME Construction Loan will be in an amount of up to \$156,270 which is to be used to finance construction of the project. The HOME Construction Loan will be evidenced by a promissory note in the form set forth on the attached Exhibit "F" (the "HOME Construction Note"). The remaining funds needed to complete acquisition and development of the Site will come from other funds obtained by the Developer as described in Section 3. The HOME Construction Loan shall be secured by a deed of trust in the form attached hereto as Exhibit "G" (the "HOME Construction Deed of Trust") and shall be disbursed in increments, based upon a Construction Contract and Construction Budget approved by the Commission, and described further in Section 4.14. The Developer shall use the proceeds of the HOME Construction Note only as specified in the Construction Contract.

Except for the default interest provisions in the HOME Construction Note, the disbursed and unpaid principal balance of the HOME Construction Loan shall accrue interest at the rate of 3 percent (3%) per annum, simple interest commencing on the date of the close of the Conveyance Escrow, and ending on the date when all sums are paid, as provided herein and in the HOME Construction Note. Interest shall be computed on the basis of actual number of days elapsed and a 360-day year. Absent an Event of Default or any other event of acceleration under this Agreement or the Note, and subject to the debt interest commencing on the date of the close of the Conveyance Escrow, as defined in Section 4.2, the principal due under the HOME Construction Loan will be due and payable. Upon sale of the Assisted Unit, if the amount of the Buyer's First Trust Deed and down payment is less than the principal amount of the HOME Construction Note, the lesser amount shall be considered the Attributable Portion of the Note, and shall be considered as paid in full, with the unpaid portion becoming a grant to the development. If the sum of the Buyer's First Trust Deed and down payment is equal to or greater than the HOME Construction Loan, then all principal due under the HOME Construction Loan will be considered the Attributable Portion and shall be due and payable in full. After disbursement of the Developer Fee and all other costs as described in Section 5.5, any remaining escrow funds shall be paid to the Commission.

Interest and all other charges due under the HOME Construction Loan shall be waived by the Commission if the Assisted Unit is completed and is sold by the date specified in the Schedule of Performance. In the event of reasonable delay, the Commission may, in its absolute and sole discretion, allow an extension of this period. Otherwise, interest and other charges due under the HOME Construction Loan shall also be due and payable on the date the Assisted Unit is sold, the amounts of such payments being as set forth in the HOME Construction Note. Such amount shall be deducted from the Developer Fee payable by the Commission upon sale of the Assisted Unit, as described in Section 5.5.

Notwithstanding the payment terms set forth above, upon the occurrence of any "Event of Default" as set forth in Section 12 below, the outstanding principal balance of the HOME Construction Loan, together with any outstanding interest and other amounts payable thereunder, shall, at the election of the Commission and, where required under this Agreement, upon notice to Developer thereof, become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Developer. Except to the extent any

Event of Default hereunder results directly or indirectly from any fraud or intentional and material misrepresentation by Developer in connection with this Agreement or the HOME Construction Loan, in the event of the occurrence of an Event of Default, the Commission's only recourse under the HOME Construction Deed of Trust shall be against the Site and the Project, the proceeds thereof, and other income arising from its use and occupancy as provided in the form attached hereto as Exhibit "G" (the "HOME Construction Deed of Trust").

At any time after the HOME Construction Loan funds are disbursed under this Agreement, Developer may prepay all or a portion of the unpaid principal amount of the HOME Construction Loan and accrued interest and any other sums outstanding without penalty. Developer hereby agrees and understands that the prepayment of the HOME Construction Note shall not relieve Developer of the duty to comply with the covenants described in Sections 5.3, 7, 9, as well as the indemnities contained in Sections 9.4 and 9.7 and any other indemnities and other obligations surviving this Agreement, and all such obligations and covenants shall remain in full force and effect pursuant to their terms. All payments or other reductions of outstanding HOME Construction Loan amounts, including any prepayments or funds received upon acceleration as described in this Section 1.1, shall be applied first toward any outstanding costs of collection or other amounts (excluding loan principal or interest thereon) due under the HOME Construction Note or this Agreement, then toward outstanding interest accrued at the "Default Rate" (as defined in the HOME Construction Note), if any, then toward any deferred principal, and finally toward the remaining principal balance under the HOME Construction Note.

The obligation of the Developer to repay the Attributable Portion of the HOME Construction Loan and all accrued interest thereon, as defined above, shall be absolute and unconditional, and until such time as all of the outstanding principal of and interest on the HOME Construction Note (as well as all other fees, charges and expenses due thereunder) shall have been fully paid, Developer agrees that it: (a) will use the funds disbursed under the HOME Construction Note solely for the purposes set forth herein; and (b) will not terminate or suspend any payment or obligations under this Agreement, the HOME Construction Note, the HOME Construction Deed of Trust or any other document executed hereunder or in connection herewith for any cause, including without limitation, any acts or circumstances that may constitute failure of consideration, commercial frustration of purpose, or any duty, liability or obligation arising out of or in connection with this Agreement or any document executed hereunder or in connection herewith. The Commission shall forgive the balance of the HOME Construction Loan, which shall become a grant to the development.

1.2 Assisted Unit Loans

a. Bond Defeasance Secondary Unit Loan

For the Qualified Buyer purchasing the Assisted Unit in the completed Project, the Commission agrees to accept an in-lieu payment for the Site in the form of a Bond Defeasance Secondary Unit Loan, as defined in Section 5.4.a.

b. Tertiary Unit Loan

For the Qualified Buyer purchasing the Assisted Unit in the completed Project, the Commission will require, as needed, a Tertiary Unit Loan as defined in Section 5.4.b.

2. CDBG Grant

2.1 CDBG Infrastructure Grant

The Commission agrees, subject to the terms and conditions of this Agreement, to make a CDBG Infrastructure Grant in order to facilitate the development of the Assisted Unit. The CDBG Infrastructure Grant will be in the amount of up to \$22,950, which is to be used for constructing the infrastructure for the Assisted Unit and for the payment of fees, certain engineering costs, and the cost of securing permits as identified by the Commission. The infrastructure work to be performed is identified in Exhibit "C", as agreed to by the Developer and approved by the Commission. The Grant will be disbursed by the Commission after receipt of documentation satisfactory to the Commission.

2.2 Intentionally Omitted

2.3 Intentionally Omitted

3. OTHER FINANCING

Commission's obligation to provide the loan funds referenced in this Agreement is, among other things, contingent upon the Developer's receipt of Other Financing which must be approved by Commission and in sufficient amounts and with terms that allow for the Assisted Unit in the Project to be completed and sold to a Qualified Buyer at an Affordable Housing Cost. At the time of execution of this Agreement, the Other Financing is anticipated to be the Permanent Loan provided by a conventional lender to the homebuyer. Certain financial assumptions relating to the development of the Project, including the contribution of the Other Financing, are attached for informational purposes only as Exhibit "D" (the "Financing Assumptions"). The Developer acknowledges that the sources and uses information set forth in the Financial Assumptions may change, and that the Commission is not obligated to fund in accordance with the estimated projections set forth on the Financing Assumptions. To the extent there is any inconsistency between the terms and conditions of this Agreement and the Financing Assumptions, the terms and conditions of this Agreement shall control.

4. ESCROW/CONDITIONS TO CONVEYING SITE/FUNDING THE LOAN

4.1 Intentionally Omitted

4.2 Conveyance Escrow

Commission and the Developer agree, within the time established in the Schedule of Performance set forth as the attached Exhibit "H" ("Schedule of Performance") to open an escrow for the conveyance of the Site (the "Conveyance Escrow") with an escrow company approved by the Commission ("Escrow Holder"). If applicable, a duplicate of this Agreement shall be delivered to Escrow Holder upon opening of the Conveyance Escrow and shall be incorporated into and made part of any supplemental escrow instructions generated by Escrow Holder provided that such supplementary instructions are consistent with this Agreement; provided further, however, that in the event of any conflict between such instructions and the terms of this Agreement, the terms of this

Agreement shall prevail. Within five (5) days after opening of the Conveyance Escrow, the Escrow Holder shall provide written acceptance of the provisions of this Section 4.2 by delivering such acceptance to the Commission and Developer. Upon delivery of said written acceptance, Escrow Holder shall be obligated and empowered to act under this Agreement and carry out its duties as such hereunder.

At or prior to the close of the Conveyance Escrow, as specified in the Schedule of Performance, the Commission shall deliver into escrow such documents as may be reasonably required by the Escrow Holder or the title company issuing the title policies described in Section 4.6 (the "Title Company"); and the Developer shall deliver into escrow the documentation described in the Closing Conditions set forth in Section 4.17 (and such other documents as may be reasonably required by the Escrow Holder or the Title Company), and an amount equal to all costs associated with the close of the Conveyance Escrow. The closing costs to be paid by Developer shall include, without limitation, any costs relating to the preparation of a survey, all title premium charges for the Developer's Title Policy, the title premium for Commission Title Policy, recording fees, all escrow and notary fees, any ad valorem taxes and assessments upon the Site, and any costs necessary to remove from title monetary liens. Each Party shall be responsible for its own attorney's fees relating to the preparation and negotiation of this Agreement and the other documents attached hereto or referenced herein. The Developer and Commission authorize Escrow Holder to pay all Project closing costs after the Escrow Holder has satisfactorily notified the Commission and Developer of the amount of such costs.

Any addition, deletion, or modification of any provision contained in escrow instructions referenced in this Section 4.2, shall be in writing and signed by both the Commission and the Developer.

All communications from the Escrow Holder to the Commission or the Developer shall be directed to the addresses and in the manner established in Section 18 of this Agreement for notices, demands, and communications between the Commission and the Developer.

The liability of the Escrow Holder under this Agreement is limited to performance of the obligations imposed upon it under this Section 4.2, and Sections 4.16 and 4.17.

4.3 Conveyance of Title and Delivery of Possession

The Developer shall complete all specified infrastructure work in accordance with the CDBG Infrastructure Grant, as described in Exhibit "C", after which date the Commission shall convey title to the Property to the Developer. Such conveyance shall occur on or prior to the date specified in the Schedule of Performance, and provided that the Developer is not in default under this Agreement and all Closing Conditions (as specified in Section 4.17) to such conveyance and the funding of sums advanced hereunder have occurred, and subject to any mutually agreed upon extensions of time. The Commission shall, by the Grant Deed (Exhibit "I"), convey title to the Site to Developer in the condition provided in Section 4.5 of this Agreement.

Possession of the Site shall be delivered to the Developer concurrently with the conveyance of title, except Developer may have access to the Site before conveyance of title as permitted in Section 4.11 of this Agreement. The Developer shall accept title and possession on or before the

date specified in the Schedule of Performance.

4.4 Intentionally Omitted

4.5 Condition of Title

The Commission shall convey the Site to the Developer, and the Developer shall accept the Site from the Commission subject to (i) the terms, conditions and provisions set forth in the Grant Deed, Exhibit I, the HOME Construction Deed of Trust, Exhibit G, and (ii) such recorded easements, encumbrances, covenants, assessments, leases, taxes and other title matters (the "Title Matters") accepted by Developer in accordance with this Section. The Developer shall, within thirty (30) days after the date of this Agreement, deliver written notice to the Commission and the Escrow Holder approving or disapproving any such Title Matters and, in the event the Developer fails to deliver such notice, any Title Matters shall be deemed approved by the Developer. In the event that the Developer timely disapproves of any Title Matter, the Commission shall have thirty (30) days (the "Title Cure Period") after receipt of the notice of such disapproval to elect, by written notice to the Developer and to the Escrow Holder, to remedy such disapproval by agreeing, prior to the close of the Conveyance Escrow, to obtain removal from title of the objectionable Title Matter or by obtaining an endorsement from the Title Company with respect to such Title Matter. In the event the Developer timely and reasonably disapproves of any Title Matter and the Commission does not elect during the Title Cure Period to remedy such disapproval in the manner set forth above, then the Developer may, as its sole and exclusive remedies, either, within ten (10) days after expiration of the Title Cure Period, terminate this Agreement by written notice to the Commission and the Escrow Holder, in which event neither Party hereto shall have any further obligation to the other hereunder, or proceed to the close of the Conveyance Escrow, in which case the Developer agrees to purchase the Site subject to the disapproved Title Matters.

4.6 Conveyance Title Insurance

As a condition to the close of the Conveyance Escrow, the Title Company shall issue to the Developer a CLTA standard form policy of title insurance (the "Developer's Acquisition Title Policy"), insuring that, following the Developer's acquisition of the Site in accordance with this Agreement, fee title to the Site is vested in the Developer. The Title Company shall provide Commission with a copy of the Developer's Acquisition Title Policy.

In the event that the Title Company advises the Commission, the Developer or the Escrow Holder in writing that it is unwilling or unable to issue the Developer's Acquisition Title Policy by the earlier of the satisfaction of all other Closing Conditions or the date set forth in the Schedule of Performance, then this Agreement may be terminated by either Party hereto by written notice to the other Party and the Escrow Holder in which event neither Party hereto shall have any further obligation to the other hereunder, provided, however, that in no event shall the Developer be permitted to terminate this Agreement pursuant to this Section 4.6 without first giving Commission thirty (30) days written notice of its intent to so terminate this Agreement in order to give Commission the opportunity to assist in obtaining a new title company to issue said policy or policies.

In the event that the Title Company advises the Commission, the Developer or the Escrow

Holder in writing that it is unwilling or unable to issue the Developer's Construction Title Policy or Commission Construction Title Policy (as hereinafter defined) by the earlier of the satisfaction of all other Closing Conditions or the date set forth in the Schedule of Performance, then this Agreement may be terminated by either Party hereto by written notice to the other Party and the Escrow Holder in which event neither Party hereto shall have any further obligation to the other hereunder, provided, however, that in no event shall the Developer be permitted to terminate this Agreement pursuant to this Section 4.7 without first giving Commission thirty (30) days written notice of its intent to so terminate this Agreement in order to give Commission the opportunity to assist in obtaining a new title company to issue said policy or policies.

4.7 Taxes and Assessments

Ad valorem taxes and assessments, if any, on the Site, and taxes upon this Agreement or any rights hereunder, levied, assessed, or imposed for any period prior to the conveyance of title shall be borne by the Commission. All ad valorem taxes and assessments levied or imposed after closing of the Conveyance Escrow shall be paid by the Developer.

4.8 Conveyance Free of Possession

Except as otherwise provided in this Agreement, including, without limitation, Section 6.1 and "Exhibit B," attached hereto, the Site shall be conveyed free of any possession or right of possession by any person except that of the Developer and any easements of record.

4.9 Zoning of the Site

As a condition to closing of the Conveyance Escrow, the Developer at its sole cost and expense shall cause the zoning of the Site (including obtaining any conditional use permit, site plan approval, variance, and other permit or approval) to be such as to permit the development, construction, use, and sale of the Project in accordance with this Agreement. In the event that the Developer is unsuccessful prior to the date of the close of the Conveyance Escrow (as set forth in the Schedule of Performance) to cause the zoning of the Site to conform to the zoning necessary to permit the development, construction, and sale of the Project as provided herein above, this Agreement may be terminated hereto by either Party by written notice and the Developer and the Commission shall have no further obligation hereunder. However, in no event shall the Developer terminate this Agreement pursuant to this Section 4.9 without first giving the Commission thirty (30) days prior written notice of its intent to so terminate this Agreement in order to give the Commission the opportunity to cause such zoning to so conform. The Commission shall in no event have any responsibility to the Developer in the event the Commission is unsuccessful in obtaining any required zoning changes or variances for the Site and the Developer's sole remedy in such event shall be to terminate this Agreement.

4.10 Condition of the Site

Notwithstanding anything to the contrary in this Agreement, Developer acknowledges that prior to the close of the Conveyance Escrow, Developer will have had the opportunity to investigate all physical and economic aspects of the Site and the Project and make all inspections and

investigations of the Site that Developer deems necessary or desirable to protect its interests in acquiring the Site, including, without limitation, review of all documents delivered or made available by the Commission and such other documents, reports or studies prepared by such third-party consultants retained by Developer as Developer deems necessary or desirable, and, except as otherwise expressly set forth in this Agreement and any documents delivered by the Commission to Developer at the close of the Conveyance Escrow, neither the Commission nor anyone acting for or on behalf of the Commission, has made any representation, warranty, promise or statement, express or implied, to Developer, or to anyone acting for or on behalf of Developer, concerning the Site or the condition, use or development thereof. Developer further represents and warrants that, in entering into this Agreement, Developer has not relied on any representation, warranty, promise or statement, express or implied, of the Commission, or anyone acting for or on behalf of the Commission, other than as expressly set forth in this Agreement or in the closing documents, and that all matters concerning the Site have been or shall be independently verified by Developer prior to the close of the Conveyance Escrow, and that Developer shall purchase the Site on Developer's own prior investigation and examination of the Site (or Developer's election not to do so). AS A MATERIAL INDUCEMENT TO THE EXECUTION AND DELIVERY OF THIS AGREEMENT BY THE COMMISSION, SUBJECT TO ANY EXPRESS REPRESENTATIONS AND WARRANTIES OF THE COMMISSION CONTAINED HEREIN (TO THE EXTENT OF THE LIMITED SURVIVAL PERIOD SET FORTH HEREIN), DEVELOPER IS PURCHASING THE SITE IN AN "AS IS" CONDITION AND IN AN "AS IS" STATE OF REPAIR, WITH ALL FAULTS. Except as may be set forth in this Agreement or in the closing documents, Developer waives, and the Commission disclaims, all warranties of any type or kind whatsoever with respect to the Property, whether express or implied, including without limitation, those of fitness for a particular purpose and use. Notwithstanding anything to the contrary herein, Developer and the Commission acknowledge that any written disclosures by the Commission prior to the close of the Conveyance Escrow shall constitute notice to Developer of the matter disclosed, and Developer shall be deemed to have knowledge of the same to the extent of such disclosure, and the Commission will have no further liability thereafter if Developer thereafter consummates the transaction contemplated hereby. In particular, but not in limitation of the foregoing paragraph, the Commission shall not be responsible for any items of work on the Site, or matters caused by items of work on the Site, and it shall be the sole responsibility of the Developer to investigate and determine the conditions of the Site including without limitation the soils conditions and the suitability of such soil conditions for the Developer Improvements (as hereinafter defined) to be constructed by the Developer. If the soil conditions are not in all respects entirely suitable for the use or uses to which the Site will be put, then it is the sole responsibility and obligation of the Developer to take such action as may be necessary to place the soil conditions of the Site in a condition suitable for the development of the Site.

If the soil conditions on the Site require remediation and the cost therefore is Twenty-Five Thousand Dollars (\$25,000) or less, the Developer shall pay to have a qualified contractor correct the conditions. If the soils conditions found on the Site are reasonably determined by a qualified contractor to require remediation which will cost in excess of \$25,000, the Developer may so notify the Commission in writing within thirty (30) days after the date of this Agreement and shall thereby cancel this Agreement. In such event, neither Party hereto shall have any further obligation to the other under this Agreement and the Developer shall have no further right to the Site. In the event the Developer does not timely notify the Commission of required remediation of soils conditions in excess of \$25,000, then, notwithstanding that such remediation may cost in excess of \$25,000, the

Developer shall be responsible hereunder to acquire and proceed with the development of the Site in accordance herewith and to effect such remediation at its sole cost and expense.

4.11 Preliminary Work by the Developer

Prior to the initiation of infrastructure work the Developer shall have the right of access to the Site at all reasonable times for the purpose of obtaining data, making surveys, preparing plans and conducting tests necessary to carry out this Agreement. The Commission shall have access to all data and information on the Site readily available from the Developer, but without warranty or representing by the Developer as to the completeness, correctness, or validity of such data and information. In the event that the Commission has previously performed preliminary work at the Site, including but not limited to the preparation of plans, surveys or environmental studies, this information will be made available to the Developer, upon request, without warranty or representing by the Commission as to the completeness, or validity of such data and information.

Any preliminary work undertaken on the Site by the Developer shall be done only at the sole expense of the Developer. Copies of data, surveys, and tests obtained or made by the Developer on the Site shall be filed with the Commission. Any preliminary work by the Developer shall be undertaken only after securing any necessary permits from the appropriate governmental agencies.

The Developer shall indemnify and hold the Commission and the County of Los Angeles ("County") and their officials, employees, agents, attorneys, and other representatives of the Commission and the County ("Commission/County Representatives"), and each of them, harmless from and against any and all losses and liabilities resulting from any injury, death, damage to person or property, or other damages including, without limitation, damages incurred by the Commission respecting any work in relation to those portions of the Site entered by, or arising out of any activity of, the Developer or its contractors, subcontractors, agents, employees, invitees or licensees on, or relating to, such portions of the Site. Prior to entering onto any portion of the Site pursuant to this Section 4.11 the Developer shall obtain and deliver to the Commission a certificate(s) evidencing that the insurance coverage has been obtained which satisfies the requirements set forth in Section 9.4 and 9.7 below, and protects against all such potential Losses and Liabilities and names the Commission and the County as additional insureds. At this time, the Commission shall issue to the Developer a Right-to-Enter, authorizing the Developer to enter the Site.

4.12 Intentionally Omitted

4.13 Permanent Financing

The Developer shall work with a conventional lender approved by Commission for the transaction contemplated by this Agreement ("Participating Lender(s)") to ensure that a fixed rate permanent mortgage loan is made available to the Qualified Buyer at the lowest commercially available rate and at the most favorable terms. No temporary buy down of the interest rate on the permanent mortgage loan shall be permitted. To facilitate the most favorable terms being available to the Qualified Buyer, the Developer must ensure, if mortgage revenue bond financing is not available or does not provide the Qualified Buyer the most favorable financing terms, that the Qualified Buyer is directed to lenders participating in any available first time homebuyer or Mortgage Credit Certificate programs offered by agencies operating in the jurisdiction containing

the Site.

Prior to the deadline specified therefor in the Schedule of Performance, the Developer agrees to deliver to Commission written commitment(s) ("Permanent Financing Interest Letter(s)"), subject to such standard and reasonable conditions as are customarily imposed on such a commitment by an institutional lender(s), from a Qualified Financial Institution(s) which is licensed to do business in California ("Permanent Lender(s)"), by which such Permanent Lender(s) agrees to make a first trust deed loan to the income Qualified Buyer (as defined in Section 6 below) of an affordable home and secured by such purchaser's fee interest in the residence. The Permanent Loan shall be consistent with this Agreement; otherwise, the Permanent Loan shall be subject to the Permanent Lender's usual and customary terms and conditions. The Developer covenants and agrees to take all actions, and to pay all sums required to keep the Permanent Financing Interest Letter(s) in full force and effect and shall comply with all conditions thereof and shall promptly execute, acknowledge and deliver all loan applications, credit applications and data, financial statements and loan documents in connection therewith. The Developer agrees that, prior to any other use of any Permanent Loan proceeds, it shall draw upon and utilize the Permanent Loan proceeds for repayment of the HOME Construction Loan.

A "Qualified Financial Institution" shall mean a bank, savings bank, pension fund, insurance company or other institutional entity licensed in California which is duly established and in the business of financing the size and type of development contemplated hereunder and which, in the sole opinion of Commission, has a sufficient net worth, liquidity position and credit rating to meet the contemplated Permanent Financing Interest Letter.

The approval or disapproval of any Permanent Lender(s) will not constitute a waiver of any breach or violation of this Agreement by the Developer that is a result of acts that are or purport to be in compliance with or in furtherance of said Permanent Loans.

In the event that the Developer is unsuccessful, by the dates set forth in the Schedule of Performance, in obtaining a Permanent Financing Interest Letter(s) or obtaining approval of any such commitment obtained, this Agreement may be terminated by either Party hereto by written notice to the other Party, in which event neither Party hereto shall have any further obligation to the other hereunder.

4.14 Construction Contract

By the deadline specified therefor in the Schedule of Performance, Developer agrees to deliver to Commission for its approval a written agreement (the "Construction Contract") for construction of the Developer Improvements on the Site and any and all work on the Site not in the public right of way. The Construction Contract shall include a construction schedule (which shall be consistent with the Schedule of Performance attached as Exhibit H) and a schedule of values ("Construction Budget"). The Construction Contract shall obligate a general contractor approved by Commission (the "General Contractor"), who is bonded as required herein, appropriately licensed in California, and experienced in completing the type of Developer Improvements and Site work contemplated by this Agreement, to commence and complete the Developer Improvements and Site work to be constructed on the Site in accordance with this Agreement. The Construction Contract shall be a guaranteed maximum cost contract assuring completion of the Developer Improvements

for a fixed price, subject to such reasonable adjustments as are customarily allowed with respect to such contracts for authorized change orders or other like matters (it being further provided in the Construction Contract that all change orders other than Minor Field Changes, as defined in Section 6.4, shall require the written approval of Commission). The fixed price for the Construction Contract shall be in an amount that, when added to all consultant and loan fees, “points,” commissions, charges, developer’s fees, fixtures, taxes, interest, start-up and any other costs and expenses of developing and completing the Developer Improvements and Site work (the aggregate of these costs is sometimes referred to collectively as “Development Cost”), does not exceed the aggregate amount of (i) the Construction Commitment, and (ii) all other funding sources demonstrated to be available to the Developer to finance the cost of constructing the Developer Improvements.

The Developer shall obtain Commission’s written approval of the Construction Contract and the General Contractor on or before the date specified in the Schedule of Performance. Commission’s approval of any Construction Contract will not constitute a waiver by Commission of any breach or violation of this Agreement that is a result of acts that are or purport to be in compliance with or in furtherance of said Construction Contract.

4.15 Commission Approval of Financing Submission and the Construction Contract

The Developer must obtain the approval of Commission, which approval shall not be unreasonably withheld, with respect to all financing and related documentation required to be delivered pursuant to Section 4.13 and for the Construction Contract pursuant to Section 4.14 (collectively, the “Submissions”).

Commission shall approve or disapprove the Submissions within the time set forth in the Schedule of Performance. The Developer shall have ten (10) business days from receipt of any notice from Commission disapproving a Submission (“Disapproval Notice”) within which to notify Commission that the Developer will revise the Submission as requested or to object to such Commission disapproval. If the Developer does not notify Commission in writing within such ten (10) day period that it specifically objects to Commission disapproval, the Developer shall be deemed to have agreed to revise the Submission as requested by Commission. If the Developer objects to Commission disapproval, and if the Developer so notifies Commission within said ten (10) day period of its specific objection, then Commission and the Developer agree that they will meet to discuss their differences within ten (10) days after the Developer gives such notice. Unless excused, failure of the Developer to meet with Commission within said ten (10) day period shall constitute a waiver by the Developer of any objections. Following said meeting, or following the Developer’s deemed approval or waiver of any objections, the Developer shall revise the objected-to Submission and resubmit it to Commission as soon as possible, but in no event later than thirty (30) days after receipt of the Disapproval Notice. Any such resubmission shall be approved or disapproved and revised within the times set forth herein with respect to the initial Submissions. Notwithstanding the above time periods, if Commission deems it appropriate or necessary to hold a public meeting of Commission, or any agency or commission thereof, before the action specified is to be taken, the period for such action by Commission shall be extended by a reasonable amount of time, not to exceed thirty (30) days, in each case, for the holding of such public meeting(s). Such extended period shall be at the option of Commission only; provided that, if Commission elects to receive the above extension, the time for Developer’s performance of its obligations under this

paragraph shall be extended by a period of time equal to the actual extension obtained by Commission.

4.16 Conditions Precedent to Developer's Obligations

The following are conditions precedent to the Developer's obligation to acquire the Site under this agreement, and if such conditions are not satisfied, the Developer or Commission may elect to terminate this Agreement as specifically provided in each of the Sections of this Agreement referenced herein below:

- (1) The satisfaction of the Condition of Title pursuant to Section 4.5 and the willingness and ability of the Title Company to issue the Developer's Title Policy in accordance with Section 4.6.
- (2) The cost of the required remediation of any soil condition on the Site not exceeding \$25,000 in accordance with Section 4.10.
- (3) The ability of the Developer to verify and obtain appropriate zoning of the Site to permit the development of the Developer Improvements in accordance with and pursuant to Section 4.9.

4.17 Conditions Precedent to Disbursement of HOME Construction Loan

The obligation of the Commission to perform all of its obligations under this Agreement, including, without limitation, the making of the HOME Construction Loan shall be expressly subject to satisfaction of all of the following conditions (collectively, with the Developer's conditions set forth in Section 4.16, the "Land Closing Conditions") on or before the date specified in the Schedule of Performance for the close of the Conveyance Escrow:

- (1) The execution of this Agreement by Commission and Developer, and delivery of a fully executed copy to Escrow Holder.
- (2) Developer's execution of a duly executed HOME Construction Promissory Note and Bond Defeasance Land Note.
- (3) Developer's submission of (i) a Construction Contract, as described in Section 4.14, approved in writing by the Commission, and entered into with a General Contractor previously approved in writing by the Commission; (ii) a payment bond with respect to the Project posted by the General Contractor which is in an amount not less than fifty percent (50%) of the amount of the contract price identified in the Construction Contract, issued by a surety reasonably acceptable to the Commission, in form and content reasonably approved by the Commission, recorded in the Official Records of Los Angeles, and naming the Commission as an additional obligee; (iii) a performance bond guaranteeing the completion of the Project which is in form and content reasonably approved by the Commission, issued by a surety reasonably acceptable to the Commission, and naming the Commission as an additional obligee; and (iv) any other plans, documents and approvals by the Commission required under Exhibit "T" to this Agreement, entitled "Construction Requirements".

- (4) Developer's due execution (with notary acknowledgment) and deposit into the Conveyance Escrow of the HOME Construction Deed of Trust and the Bond Defeasance Deed of Trust.
- (5) Receipt by Commission from Developer of such other documents, certifications and authorizations as are reasonably required by Commission, in form and substance satisfactory to Commission, evidencing that (i) this Agreement, the Bond Defeasance Land Note, the HOME Construction Loan and all other documents given or executed in connection herewith are duly and validly executed by and on behalf of and constitute the valid and enforceable obligation of Developer pursuant to the respective terms of each of such documents, and (ii) the execution and delivery of the Land Transaction Documents, and the performances thereunder by Developer, will not breach or violate any applicable Governmental Restrictions nor constitute a breach of or default under any instrument or agreement to which Developer is a party.
- (6) Escrow Holder shall have assured Commission that upon recordation of the HOME Construction Loan Deed of Trust and the Bond Defeasance Deed of Trust there will be provided to Commission, a Commission Title Policy described in Section 4.6 of this Agreement.
- (7) No Event of Default shall exist under this Agreement or under any agreement or instrument relating to the Other Financing, and Developer has demonstrated to the satisfaction of Commission's Executive Director (or his designee) that all financing sources for development of the Project are or will be available in sufficient amounts to provide for full and timely completion of the Project.
- (8) Developer shall have furnished Commission with certificates of insurance evidencing the coverages required by Section 9.7 below.
- (9) Developer shall have certified and demonstrated to Commission that the requirements of Sections 4.9 and 6.7 have been satisfied.
- (10) Developer shall have provided to Commission, in form satisfactory to Commission, certified copies of (i) operating agreement, or articles and bylaws, together with a certification by the managing member, managing general partner or president that such agreement or articles or bylaws has not been amended or modified except as described in the certification, (ii) a good standing certificate from the California Secretary of State, certifying that Developer is duly qualified and in good standing, and (iii) all other documents necessary to evidence to Commission's satisfaction that the individuals and entities executing this Agreement and the Transaction Documents, and other entities on whose behalf such documents are executed, are fully authorized to do so and to bind the respective entities, including Developer, to the terms hereof and thereof.

Not as a Closing Condition, but after grading, Developer shall have obtained Commission's

written approval of a site security plan, affirmative marketing plan, sales guidelines, and a summary of the rules, procedures and programs for the Project including specifically the procedures to be employed by which a Qualified Buyer shall be selected in the event that, at any given time, the number of Qualified Buyers exceeds the number of Units available for sale to such Qualified Buyers.

When, and only when, Escrow Holder has confirmed that Land Closing Conditions (1), (2), (3), (4), and (6) of this Section 4.17 have been satisfied, and has received written certification from the Developer and Commission's Executive Director that all other Closing Conditions set forth in Section 4.16 and this 4.17, respectively, have been timely satisfied or waived, then Escrow Holder shall carry out the close of the Conveyance Escrow ("Close of Conveyance Escrow") by:

(i) causing the HOME Construction Loan Deed of Trust to be recorded in the Official Records of Los Angeles County, California;

(ii) delivering the executed original HOME Construction Loan Promissory Note to the Commission;

(iii) causing the Developer's Land Title Policy and Commission Land Title Policy to be issued to the Developer and the Commission, respectively, in the forms and the amounts specified above; and

If the close of the Conveyance Escrow does not occur prior to the Land Closing Deadline, then the Escrow shall terminate, and Escrow Holder shall promptly return all documents to the Party depositing them.

4.18 Commission Disbursement of HOME Construction Loan

Upon the close of the Conveyance Escrow, the Commission shall disburse the HOME Construction Loan proceeds to the extent provided for pursuant to Section 1.1 hereof.

5. PROJECT CONSTRUCTION

Developer shall commence construction of the Project in accordance with Exhibit "H" ("Schedule of Performance") and shall complete the Project on or before the date specified. "Completion of the Project" shall be deemed to have occurred when the Commission has received satisfactory evidence that the Project has been completed in compliance with this Agreement and that all final permits and certificates necessary as contemplated herein have been obtained, including, without limitation, the following, each of which is subject to the Commission's review and approval:

- (1) A signed certificate from the General Contractor, in a form reasonably acceptable to Commission, certifying to Commission that construction was completed substantially in accordance with the requirements of the Plans and this Agreement, and all other related improvements required to be completed by the Developer under this Agreement have been completed.
- (2) A certificate of completion (the "Certificate of Completion") and any other final

permits and licenses necessary to permit the use and occupancy of the Project for its intended purposes, which have been issued by proper governmental agencies.

- (3) Certificates of insurance issued by Developer's insurance agent evidencing compliance with all insurance requirements set forth in this Agreement.
- (4) Unconditional Waivers and Releases Upon Final Payment, in statutory form, executed by all persons or entities furnishing services or supplies in connection with the Project and showing no outstanding sums due or in dispute.
- (5) All mechanics liens which have been recorded have been released or statutory release bonds with respect to such mechanics liens issued by sureties satisfactory to Commission have been obtained and recorded.
- (6) A valid notice of completion has been filed at least thirty five (35) days prior to the making of the final payment to the General Contractor and all subcontractors and suppliers.
- (7) No default exists under the Senior Construction Financing, the Other Financing, this Agreement or any other construction financing for the Project.

5.1 Taxes, Assessments, Encumbrances, and Liens

After the conveyance of the Site to the Developer in accordance with this Agreement, the Developer shall pay, when due, all real estate taxes and assessments assessed and levied on the Site. Prior to the issuance of a Certificate of Completion, the Developer shall not place or allow to be placed on the Site any mortgage, trust deed, encumbrance, lien, levy, attachment or other voluntary or involuntary encumbrance unauthorized by this Agreement (each, an "Unpermitted Lien"). The Developer shall remove or have removed any Unpermitted Lien made on the Site (or any portion thereof), or shall assure the satisfaction thereof, within a reasonable time, but in any event prior to a sale thereunder. Nothing herein contained shall be deemed to prohibit the Developer from contesting the validity or amounts of any tax, assessment, encumbrance, or lien, nor to limit the remedies available to the Developer in respect thereto.

The Developer understands that under certain conditions its control of the Site or portion thereof under this Agreement may give rise to the imposition of a possessory interest tax on the Site, and in such event, the Developer agrees to pay when due any such possessory interest tax.

5.2 Certificate of Completion

Upon Completion of the Project as defined in Section 5 above, the Commission shall furnish the Developer with a certificate of completion duly executed by Commission ("Certificate of Completion") upon Developer's written request. Such Certificate of Completion shall be in such form as to permit it to be recorded in the Office of the County Recorder of Los Angeles County.

A Certificate of Completion shall be, and shall state that it is, conclusive determination of

satisfactory completion of the construction required by this Agreement upon the Site and of full compliance with the terms hereof. After issuance of the Certificate of Completion, any party then owning or thereafter purchasing, leasing, or otherwise acquiring any interest in the Site covered by the Certificate of Completion shall not (because of such ownership, purchase, or acquisition) incur any obligation or liability under this Agreement, except that such party shall be bound by any covenants contained in the HOME Construction Deed of Trust, and/or other instruments of transfer in accordance with the provisions of Section 7 of this Agreement. Except as otherwise provided herein, after the issuance of a Certificate of Completion for the Site, neither the Commission, the County, nor any other person shall have any rights, remedies, or controls with respect to the Site that it would otherwise have or be entitled to exercise under this Agreement as a result of a default in or breach of any provision of this Agreement, and the respective rights and obligations of the parties with reference to the Site shall be as set forth in the Grant Deed of the Site to Developer, which shall be in accordance with the provisions of Section 7 of this Agreement.

The Commission shall not unreasonably withhold the Certificate of Completion. If the Commission refuses or fails to furnish a Certificate of Completion for the Site after such written request from the Developer, the Commission shall, within thirty (30) days of such written request, provide the Developer with a written statement of the reasons the Commission refused or failed to furnish a Certificate of Completion. The statement shall also contain the Commission's opinion of the action the Developer must take to obtain a Certificate of Completion. If the reason for such refusal is confined to the immediate unavailability of specific items or materials for landscaping, the Commission will issue its Certificate of Completion upon the posting of a bond by the Developer with the Commission in an amount representing a fair value of the work not yet completed.

The Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder or any insurer of a mortgage securing a Construction Loan. The Certificate of Completion is not a notice of completion as referred to in California Civil Code Section 3093.

5.3 Hazardous Materials

The Developer covenants that it shall use and maintain the Site in compliance with all Governmental Restrictions applicable to Hazardous Materials, as hereinafter defined, including specifically but without limitation all recommendations required by the "Phase I" and "Phase II" environmental assessments (provided by the Commission without warranty or representation). Developer further represents, warrants and covenants that it has not and shall not deposit or permit the deposit of Hazardous Materials in, on, under or upon the Site or the Project. Developer further covenants and agrees to remove or remediate, at its expense (subject to any reimbursement it may be able to obtain from third parties) any Hazardous Materials located in, on, under or upon the Site or the Project as of the date hereof and which are deposited in, on, under or upon the Site or the Project from and after the date hereof and during Developer's inspection or ownership of the Site or ownership of the Project, including any asbestos, lead-based paint and any other Hazardous Materials located in the Project, to the extent required by and in accordance with the requirements of the applicable Governmental Restrictions. The foregoing shall not be construed or understood to prohibit Developer from allowing Hazardous Materials to be brought upon the Site or the Project so long as they are materials which are customary and common to the normal course of business in the construction of well-designed housing and so long as such materials are used, stored and disposed of

in accordance with all applicable Governmental Restrictions. Developer agrees to indemnify, defend and hold Commission and County and Commission/County Representatives harmless from and against any Losses and Liabilities arising directly or indirectly out of the presence of Hazardous Materials in, on, under or upon the Site or the Project, existing as of the date hereof and deposited (or claimed to have been deposited) in, on, under or upon the Site or the Project from and after the date hereof and during Developer's ownership or inspection of the Site or ownership of the Project, including without limitation any Losses and Liabilities arising out of any deposits of Hazardous Materials as described hereinabove or out of Developer's failure to remove or remediate all such Hazardous Materials in, on or upon the Site and the Project, as required above. Developer hereby releases, waives and discharges Commission and County and Commission/County Representatives or from all present and future claims, demands, suits, legal and administrative proceedings and from all Losses and Liabilities arising out of or in any way connected with Developer's ownership of the Site or Project, or any condition of environmental contamination in, on, under, upon or around the Site, or the existence of Hazardous Materials in any state in, on, under, upon or around the Site, and in connection with such release and waiver Developer is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

For purposes of this Agreement, the term "Hazardous Materials" means, without limitation, gasoline, petroleum products, explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, polychlorinated biphenyls or related or similar materials, asbestos or any other substance or material as may now or hereafter be defined as a hazardous or toxic substance by any federal, state or local environmental law, ordinance, rule or regulation, including, without limitation, (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act (42 U.S.C. Section 6901 et seq.), (ii) the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.), (iii) the Clean Air Act (42 U.S.C. Section 7401 et seq.), (iv) the Resource Conservation and Recovery Act, as amended by the Hazardous and Solid Waste Amendments of 1984 (42 U.S.C. Section 6902 et seq.), (v) the Toxic Substances Control Act (15 U.S.C. Section 2601-2629), (vi) the Hazardous Materials Transportation Act (49 U.S.C. Section 1801 et seq.), (vii) the Carpenter-Presley-Tanner Hazardous Substance Account Act (CA Health & Safety Code Section 25300 et seq.), (viii) the Hazardous Waste Control Law (CA Health & Safety Code Section 25100, et seq.), (ix) the Porter-Cologne Water Quality Control Act (CA Water Code Section 13000 et seq.), (x) the Safe Drinking Water and Toxic Enforcement Act of 1986, (xi) the Hazardous Materials Release Response Plans and Inventory (CA Health & Safety Code Section 25500 et seq.), (xii) the Air Resources Law (CA Health & Safety Code Section 39000 et seq.), or (xiii) in any of the regulations adopted and publications promulgated pursuant to the foregoing.

5.4 Unit Loans

a. Bond Defeasance Secondary Unit Loan

Upon recordation of a Certificate of Completion for the Developer Improvements and provided the Developer is not in default of any of its obligations under this Agreement, the

Commission will make a Bond Defeasance Secondary Unit Loan, which shall be in the form of an in-lieu note, in an amount equal to the appraised value ("Fair Market Value") of the completed Project less the cost of Developer improvements, as determined by a third party Appraiser approved by the Commission, as stipulated in Section 5.5. Prior to making a Bond Defeasance Secondary Unit Loan, the Developer or the Permanent Lender shall submit to the Commission or its designee such loan applications, documentation and other information and data (collectively, "Loan Information") requested by the Commission to permit the Commission to (i) verify that the proposed purchaser is a Qualified Buyer, and (ii) determine the credit-worthiness of the Qualified Buyer; provided, however, that the Commission shall accept, in lieu of the Loan Information, copies of all loan applications and other documentation and data received by the Permanent Lender in connection with its consideration of the Permanent Loan to the Qualified Buyer so long as such documentation contains the information required by the Commission for each Commission Loan made, to make its findings under (i) and (ii) hereinabove in this Section 5.4.a. The Bond Defeasance Secondary Unit Loan shall be evidenced by a shared appreciation promissory note in favor of the Commission in the form and loan amount specified by the Commission (the "Bond Defeasance Secondary Unit Note"), which shall be secured by a second priority deed of trust in favor of the Commission recorded against the Qualified Buyer's fee interest in the Unit and which shall be in the form specified by the Commission (the "Bond Defeasance Secondary Unit Deed of Trust"). The amount represented by the Bond Defeasance Secondary Unit Loan shall accrue 0% interest and, at the option of the Executive Director of the Commission, be immediately due and payable upon the first to occur of the sale or refinance of the Unit.

b. Tertiary Unit Loan

In the event that there is a Financing Gap, the Qualified Buyer shall execute a promissory note (the "Tertiary Unit Note"), in favor of Commission in the form and loan amount specified by Commission, on the Site in the amount of the Financing Gap.

The Financing Gap shall be defined as the appraised value of the Assisted Unit, as determined by a third party Appraiser approved by the Commission, as stipulated in Section 5.5, less the sum of the First Trust Deed, obtained by the Qualified Buyer from the Permanent Lender, and the Secondary Unit Deed of Trust. The Tertiary Unit Loan shall be secured by a third priority deed of trust in favor of Commission recorded against the Qualified Buyer's fee interest in the Unit and which shall be in the form specified by Commission (the "Tertiary Unit Deed of Trust"). The Commission will not fund this Tertiary Unit Loan but will record it after the Secondary Unit Deed of Trust as an encumbrance to the unit. The Tertiary Unit Deed of Trust shall accrue no interest. The Tertiary Unit Note plus a percentage of the net appreciation as defined in the Tertiary Unit Note shall be due and payable upon sale of the Property or an occurrence of events as defined in the Tertiary Unit Note. In the event the appraised value of the Unit at the time of resale is below the initial appraised value, the Commission may, at the Commission's discretion, forgive a portion or all of this Tertiary Unit Note.

5.5 Developer Fee and Developer Responsibility for Final Accounting

Prior to the sale of the Unit, it shall be the responsibility of the Developer to make all necessary arrangements, including financial, for an appraisal to determine the Sales Price for the Unit, which appraisal shall be subject to the approval of Commission.

The Developer shall, at the close of escrow for the sale of the Unit, be required to provide the Commission a copy of the closing statement clearly evidencing the disbursement of all escrowed funds. The aggregate maximum amount available to the Developer as a "development fee" from the sales escrow of the Unit in the Project shall be Fifteen Thousand Dollars (\$15,000), less any amount of interest or fees due on the Home Construction Loan, which "development fee" shall be payable upon the sale of the Assisted Unit ("the Fee"); provided that in no event shall the Developer be entitled at the close of escrow of the Assisted Unit to the Fee unless and until Commission has been paid in full the HOME Construction Loan in accordance with Sections 1.1.b.

The Developer shall be permitted reimbursement from the escrow proceeds for costs incurred for those items shown below, but such amounts shall also not be payable with respect to sale of the Assisted Unit until the Commission has been paid in full on the attributable portion of the HOME Construction Loan. The amounts shown represent the maximum reimbursement from the sales escrow to the Developer or his designee. The sales commission shall only be payable to an agent approved by the Commission in writing. The agent shall not be the same entity as the Developer nor an affiliate of the Developer.

a) Sales commissions and marketing costs	5% of Sales Cost
b) Seller's reasonable and customary closing costs*	\$8,400
c) Developer Fee	\$15,000
d) Home Owners' warranty*	\$500

*Note: These are estimated costs

6. Development of the Site by Developer

6.1 Scope of Development - Developer Improvements

The Site shall be developed as a residential development comprised of one unit (the "Unit") which will be reserved for sale to a household earning more than seventy percent (70%) and less than eighty percent (80%) of the Area Median Income ("Qualified Buyer"), such development being subject to all applicable Governmental Restrictions, and containing all necessary parking areas, walkways, streets, driveways, landscaping, and other improvements associated with the development of the Site, as depicted on the Plans approved by Commission in accordance with this Section 6.1. (The development of the Project on the Site in accordance with this Agreement is sometimes referred to as the "Developer Improvements.") Developer shall cause the construction of the Developer Improvements to be done in a good and workmanlike manner substantially according to the Plans and this Agreement.

"Area Median Income" shall mean the median income for the Los Angeles/Long Beach Statistical Metropolitan Area, adjusted for household size, and as defined and periodically adjusted by the United States Department of Housing and Urban Development (HUD), or any successor entity designated under state law as responsible for establishing such "Area Median

Income.”

6.2 Concept Drawings

The Developer has submitted to the Commission and the Commission has approved certain basic concept drawings and related documents containing the overall plan for development of the Site (collectively, “Basic Concept Drawings”). The Site shall be developed as generally established in the Basic Concept Drawings, which shall include any changes that are mutually agreed upon between the Developer and the Commission.

6.3 Construction Plans, Drawings, and Related Documents

In addition to the Basic Concept Drawings, the Developer will prepare and submit construction plans, drawings, specifications, including construction and equipment specifications, and related documents (sometimes collectively referred to as the "Plans") to the Commission for architectural and site planning review and written approval. The Plans are to be in conformance with the requirements set forth in this Agreement (including Exhibit B), consistent with the Basic Concept Drawings and conform to the 1994 Uniform Building Code, as amended from time to time, and other applicable Governmental Restrictions. The Plans are to be submitted in two stages: preliminary and final working drawings and specifications. Final working drawings and specifications are hereby defined as those in sufficient detail that shall obtain a building permit.

The Plans include preliminary and final finish grading and landscaping plans, and public improvement and street plans and specifications for the Site. All Plans shall be prepared and submitted within the times established in the Schedule of Performance, subject to extensions as are authorized herein or as mutually agreed to by the Parties.

During the preparation of all Plans, Commission staff and the Developer shall hold regular progress meetings to coordinate the preparation of, submission to, and review of Plans by Commission. Commission and the Developer shall communicate and consult informally as frequently as is necessary to insure that the formal submittal of the Plans to Commission can receive prompt and speedy consideration.

6.4 Commission Approval of Plans

Subject to the terms of this Agreement, Commission shall have the right of architectural and site planning review of all documents, including any changes therein. However, the Developer shall also obtain any architectural and site planning review required by any agency, department, board, or commission of the County within the times required for review of such Plans and other submissions and changes therein by the Developer. The Developer shall also submit any Plans and other submissions required for development permits or building permits to be issued by County departments or other public agencies.

The Commission shall approve or disapprove the Plans referred to in Section 6.3 of this Agreement within the times established in the Schedule of Performance, Exhibit “H”. Any disapproval by Commission shall state in writing (the "Notice of Disapproval") the reasons for

disapproval and the changes which the Commission requests be made. Such reasons and such changes must be consistent with this Agreement (including the Scope of Work), and any items previously approved or deemed approved hereunder by Commission. The Developer, upon receipt of a Notice of Disapproval shall revise the Plans and resubmit them to Commission within thirty (30) days after receipt of the Notice of Disapproval, and the deadline set forth in the Schedule of Performance by which Developer is required to secure approval of such disapproved Plans shall be adjusted accordingly; provided, however, that in no case shall Commission be entitled to require changes inconsistent with this Agreement (and in particular the Scope of Work) and any previously approved items. Any resubmission(s) shall be approved or disapproved and revised within the times set forth herein with respect to the initial submission of such Plans. Notwithstanding the above time periods, if the Commission is required by law to hold a public meeting of the Commission, or any agency thereof, before the action specified is to be taken, the period for such action by the Commission shall be extended by a reasonable amount of time, in each case, for the holding of such public meeting.

The Developer shall have the right during the course of construction to make Minor Field Changes, as hereinafter defined, without seeking the approval of Commission. "Minor Field Changes" shall be defined as those interior changes from the approved Plans which will not be visible from the exterior of any structure on the Site, will not increase the cost of constructing the Developer Improvements, and will not affect the ability of the Developer to complete the Developer Improvements in accordance with the Schedule of Performance attached as Exhibit H. If the Developer desires to make any change in the Plans after their approval by the Commission, other than a Minor Field Change, the Developer shall submit the proposed change to the Commission for its written approval, which approval shall not unreasonably be withheld. The Commission shall not be deemed to have unreasonably withheld its consent to any proposed change by the Developer (i) of any construction or equipment specification expressly set forth in the Plans previously approved, where substitute materials or equipment are proposed by the Developer which Commission has solely determined to be of inferior quality; (ii) which does not conform to the Basic Concept Drawings, the Scope of Work, the approvals previously granted by the Commission under this Section 6.4, or other applicable requirements of this Section; (iii) if such proposed change increases the cost of the Developer Improvements in excess of \$ 2,000; or (iv) extends the Schedule of Performance more than 30 days. Commission shall approve or disapprove the proposed change and notify the Developer in writing within thirty (30) days after submission to Commission.

The Developer understands that any administrative approval by Commission staff or any approval by the governing board of Commission of any Plans or other submissions by the Developer shall not be construed to constitute an approval by County of same and the County shall retain full and absolute discretion respecting the granting or withholding of County approvals required under this Agreement or by applicable Governmental Restrictions in connection with the construction of the Developer Improvements and the use of the Site.

6.5 Cost of Construction

The cost of developing the Site and constructing all the Developer Improvements thereon shall be borne solely by the Developer. The Commission and the Developer shall otherwise each pay the costs necessary to administer and carry out their respective responsibilities and obligations under this Agreement.

6.6 Construction Schedule

The Developer shall promptly begin and thereafter diligently prosecute to completion the construction of the Developer Improvements and the development of the Site. The Developer shall begin and complete all construction and development within the times specified in the Schedule of Performance or reasonable extension of said dates as may be granted by Commission pursuant to Section 6.4 of this Agreement. The Schedule of Performance is subject to revision from time to time as mutually agreed upon in writing between the Developer and the Commission.

During the period of construction, but not more frequently than once a month, the Developer shall submit to the Commission a written progress report of the construction when and as requested in writing by the Commission. The report shall be in such form and detail as may reasonably be required by the Commission and shall include a reasonable number of construction photographs taken since the last report submitted by the Developer.

6.7 County and Other Governmental Agency Permits

Before commencement of construction or development of any buildings, structures, or other work of improvement upon the Site, the Developer shall, at its own expense, unless herein agreed, determine and secure or cause to be secured any and all permits which may be required by the County or any other governmental agency affected by or with jurisdiction over such construction, development, or work. The Commission may provide all assistance, including agreed upon financial assistance, deemed appropriate by the Commission. The Developer shall secure all building permit(s) for the Developer Improvements no later than the date set forth in the Schedule of Performance.

6.8 Rights of Access

For the purposes of assuring compliance with this Agreement (including this Section 6.8), Commission/County Representatives shall have the reasonable right of access to the Site in accordance with Section 14 of this Agreement without charges or fees and at normal business hours.

6.9 Construction Requirements

The Developer shall carry out the construction of the Developer Improvements in conformity with the Construction Requirements of the Commission, as set forth on the attached Exhibit "B."

6.10 Anti-discrimination During Construction

The Developer covenants for itself and its successors and assigns that with respect to the construction of the Developer Improvements, the Developer and its contractors and suppliers will abide by the anti-discrimination provisions set forth in Section 8 of this Agreement.

7. SALE OF ASSISTED UNITS TO QUALIFIED BUYERS

7.1 Restriction to Qualified Buyers

Developer shall use the Site solely for the purpose of constructing and selling the Project as an owner-occupied residential development. The Assisted Unit shall be sold only to a buyer whose household income is more than 70 percent and less than 80 percent of Area Median Income in accordance with the escrow procedures set forth in Section 4.2. Developer shall not sell the Unit for a purchase price or other consideration exceeding the current HUD 203(b) limit.

7.2 Intentionally Omitted

7.3 Escrow Procedures for Unit Sales

The Developer shall cause the agreement for the purchase of the Unit to be evidenced by a purchase agreement ("Unit Buyer Agreement") in a form approved by the Commission's Executive Director, fully executed by Developer and the Qualified Buyer to be approved by the Commission. The Unit Buyer Agreement will provide that the obligation of the Developer to convey title thereunder to the prospective buyer shall be conditioned upon the approval of the Commission and otherwise upon satisfaction of the requirements of this Section 7.3. Within seven (7) days after the execution of the Unit Buyer Agreement, escrow shall be opened at an escrow company satisfactory to Commission. Upon identifying a potential Qualified Buyer, Developer, or its designee, shall provide to the Commission, or its designee, by personal delivery or by first-class U.S. Mail, a reservation request completed by the prospective buyer, together with the Loan Information and/or other verifying information or documentation required in Section 5.4.a or 5.4.b as to the prospective buyer with respect to residency, employment and income (collectively, "Reservation Request"). If the Reservation Request is approved by the Commission, in its reasonable discretion, then upon the Commission's receipt of a Unit Buyer Agreement signed by the Qualified Buyer, the Commission shall furnish the escrow holder with escrow instructions in a form specified by the Commission. Escrow shall not close unless and until, among other things:

The Escrow Holder holds the following: (a) a Bond Defeasance Secondary Unit Note and a Tertiary Unit Note for the Assisted Unit; in an initial principal amount equal to the amounts specified in Sections 5.4.a and 5.4.b; (b) a Bond Defeasance Secondary Unit Deed of Trust and, Tertiary Unit Deed of Trust as indicated by the unit promissory note executed and acknowledged by the Qualified Buyer in favor of Commission; (c) a grant deed with respect to the Unit to be purchased by the Qualified Buyer in a form approved by the Commission and executed and acknowledged by the Developer; (d) such other documents to be provided by the Qualified Buyer reasonably requested by the escrow company or the title company issuing the title policy to the Qualified Buyer insuring the Unit; (e) cash deposited by the Qualified Buyer and/or the Permanent Lender representing the Affordable Buyer Contribution; and (f) an all-risk insurance policy insuring the Unit in an amount equal to the full replacement value of the Unit. The policy shall name the Commission as loss payee and shall contain a statement of obligation on behalf of the carrier to notify the Commission of any material change, cancellation or termination of coverage at least thirty (30) days in advance of such material change, cancellation or termination. Any certificate of insurance must be in a form, content, and with companies approved by Commission. In addition, escrow for the purchase of the Unit shall not close unless and until a title company is ready, willing and able to issue to Commission a policy of title insurance in the amount of the Notes, insuring the priority of the Assisted Unit Deed of Trust, subject only to the deed of trust securing the Qualified Buyer's primary purchase money borrowing from the Permanent Lender and other exceptions

approved by Commission following Commission's prior review of a preliminary title report for the Unit, which preliminary title report must be received by the Commission no later than seven (7) days after the approval by Commission of the Reservation Request.

7.4 Related Sales and Fees Prohibited

Developer shall not knowingly sell any Unit to any principal, officer, member, Director, partner, owner, employee or agent of Developer or any person holding a beneficial interest in Developer, or a spouse, parent, grandparent, child, grandchild, sibling, aunt, uncle, nephew, niece, or first cousin of any principal, officer, member, director, partner, owner, employee or agent of Developer or any person holding a beneficial interest in Developer. Developer shall not accept any payment of money or other consideration (other than the purchase price and other customary payments made in connection with the purchase) in return for or in an attempt to recapture all or any portion of the purchase price subsidy contemplated by this Agreement.

7.5 Maintenance of Project Pending Final Sale

Beginning upon completion of the Project, and continuing for so long as Developer shall own some or all of the Units, Developer shall, as to portions of the Project it owns, (i) maintain all improvements and landscaping on the Site in first-class order, condition, and repair (and, as to landscaping, in a healthy and thriving condition) in accordance with the approved Plans for the Project and all Governmental Restrictions, and (ii) manage the Project and Project finances reasonably prudently and in compliance with applicable Governmental Restrictions so as to maintain a safe and attractive living environment for Project residents.

8. DEVELOPER'S OBLIGATION TO REFRAIN FROM DISCRIMINATION

There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, nor shall Developer itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Site or any portion thereof. The nondiscrimination and nonsegregation covenants set forth in this Section 8 and in Sections 6.10 and 8.1 shall remain in effect in perpetuity.

8.1 Form of Nondiscrimination and Nonsegregation Clauses

Developer shall refrain from restricting the sale of the Site (and from discriminating against any employee or applicant for employment in connection with the construction of the Developer Improvements) on the basis of race, color, creed, religion, sex, marital status, national origin, or ancestry of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

a. In deeds: "The grantee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

b. In contracts: "There shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the parties to this contract or any person claiming under or through them, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the premises."

Nothing in this Section shall be construed or understood to limit, restrict or in any way waive the income requirements described in this Agreement.

9. COVENANTS OF DEVELOPER{tc \11 "8.0COVENANTS OF DEVELOPER}.

As additional consideration for the making of the HOME Loan by Commission, Developer covenants as follows:

9.1 Compliance with Laws{tc \12 "8.1 Compliance with Laws}

Developer shall comply with all Applicable Governmental Restrictions. As used herein, "Applicable Governmental Restrictions" shall mean and include any and all laws, statutes, ordinances, codes, rules, regulations, directives, writs, injunctions, orders, decrees, rulings, conditions of approval, or authorizations, now in force or which may hereafter be in force, of any governmental entity, agency or political subdivision as they pertain to the performance of this Agreement or development or operation of the Project, including specifically but without limitation all code and other requirements of the jurisdiction in which the Project is located; the National Environmental Policy Act of 1969, as amended; fair housing laws, prevailing wage laws (e.g. California Labor Code Section 1720 et seq., and Davis-Bacon Act 40 U.S.C. 276a), and any other applicable federal, state and local law. Developer shall indemnify, defend and hold the Commission harmless for any suit, cost, attorneys' fees, claim, administrative proceeding, damage, wage award, fine, penalty or

liability arising out of or relating to Developer's failure to comply with any Applicable Governmental Restrictions, including, without limitation, the nonpayment of any prevailing wages required to be paid in connection with the Project. Developer is solely responsible for determining the applicability of laws, and should not rely on statements by the Commission.

9.2 Revenue Disclosures{tc \l2 "8.2 Revenue Disclosures}

Developer shall make available for inspection and audit to Commission's representatives, upon seventy-two (72) hours written request from time to time during the Term at Developer's offices, or, if requested by Commission, at another location within Los Angeles County, all of the books and records relating to the operation of the Project and this Agreement. All such books and records shall be maintained by Developer until the end of the Term; provided that in the event any litigation, claim or audit is started before the expiration of the Term, said books and records shall be retained until all litigation, claims, or audit findings involving said books and records shall have been resolved.

9.3 Other Reports{tc \l2 "8.3 Other Reports}

Upon seventy-two (72) hours written notice, at any time during the Term, Developer shall prepare and submit to Commission, any financial, program progress, monitoring, evaluation or other reports including but not limited to, documents related to construction, reasonably required by Commission or its representatives as they relate to the Project or this Agreement; provided, however, if such requested reports are not capable of being prepared and submitted to Commission within such 72-hour period, then within a reasonable time thereafter. Developer will ensure that its employees, agents, officers, and board members furnish such information, which in the reasonable judgment of Commission representatives, may be relevant to a question of compliance with this Agreement, CC&Rs, or the Deed of Trust. Developer shall retain all existing records and data relating to the Project until expiration of the Term. In the event any litigation, claims or audit is started during the Term, said books and records shall be retained until all litigation, claims or audit findings involving said books and records have been resolved.

9.4 Indemnification{tc \l2 "8.4 Indemnification}

From and after the date hereof, Developer shall indemnify, defend and save harmless Commission and its members, directors, agents, officers and employees from and against any and all claims, liability, demands, causes of action, losses and expense including reasonable defense costs and legal fees of counsel acceptable to Commission (collectively, "Claims") including, but not limited to Claims for bodily injury, death, property damage, workers' compensation, or in connection with services performed on behalf of Developer by any person pursuant to this Agreement, and which Claims (i) are based on events which occur or are claimed to have occurred during Developer's ownership of the Site or the Project, (ii) result directly or indirectly from Developer's ownership of the Site or the Project, or (iii) result directly or indirectly from the Commission's entering into this Agreement and/or making the HOME Loan to Developer; provided, however, the foregoing indemnity shall not apply to claims that result solely from the gross negligence or willful misconduct of the Commission. This covenant shall remain in force and effect following the

expiration of the term of the HOME Loan.

9.5 Audit by State and Federal Agencies{tc \l2 "8.5 Audit by State and Federal Agencies}

In the event this Agreement or the HOME Loan is subjected to audit, monitoring or other inspections by appropriate state and federal agencies, Developer shall comply with such inspections and pay on behalf of itself and Commission the full amount of the cost to the inspecting agency which results from such inspections, if any unless such inspection and any resulting liability arises solely from the gross negligence or willful misconduct of Commission.

9.6 Program Evaluation and Review{tc \l2 "8.6 Program Evaluation and Review}

Developer shall allow Commission authorized personnel to inspect and monitor its facilities and program operations as they relate to the Project or this Agreement, including the interview of Developer's staff, Developers, and other program participants, as reasonably required by Commission during the Term.

9.7 Insurance{tc \l2 "8.7 Insurance}

Without limiting Developer's indemnification of Commission provided above, Developer shall procure and maintain at its own expense during the Term of the HOME Loan the insurance described below. Such insurance shall be secured from carriers admitted in California or having a minimum rating of or equivalent to A:VIII in Best's Insurance Guide. Developer shall, concurrent with the execution of this Agreement, deliver to Commission certificates of insurance with original endorsements evidencing the general liability and automobile insurance coverage required by this Agreement. Developer shall deliver satisfactory evidence of issuance of "all risk" property insurance described in (b) below and worker's compensation insurance described in (c) below at such time that such exposures are at risk, but in no event later than the Close of Escrow. The certificate and endorsements shall be signed by a person authorized by the insurers to bind coverage on its behalf. Commission reserves the right to require complete certified copies of all policies at any time. Said insurance shall be in a form acceptable to Commission and may provide for such deductibles as may be acceptable to Commission. In the event such insurance does provide for deductibles or self-insurance, Developer agrees that it will protect Commission, its agents, officers and employees in the same manner as these interests would have been protected had full commercial insurance been in effect. Each such certificate shall stipulate that Commission is to be given at least thirty (30) days written notice in advance of any modification or cancellation of any policy of insurance. Developer shall give the Commission immediate notice of any insurance claim or loss which may be covered by insurance.

a. Liability{tc \l4 "(a) Liability}: Comprehensive liability insurance, including coverage for personal injury, death, property damage and contractual liability, with a combined single limit of at least One Million Dollars (\$1,000,000) for each occurrence (\$2,000,000 General Aggregate), including products and completed operations coverage. Commission and its agents, officials and employees shall be named as additional insureds in each of the aforementioned insurance policies with respect to liability arising from activities performed by or on behalf of Developer, premises owned, leased or used by such persons. Said insurance shall be primary

insurance with respect to Commission. Developer shall require Developer's contractors to include Commission and Commission's agents, officials and employees as additional insureds on all general liability insurance covering work at the Site. If required by Commission from time to time, Developer shall increase the limits of its liability insurance to reasonable amounts customary for owners of improvements similar to the Project. The policy shall contain a waiver of subrogation for the benefit of Commission.

b. Property Insurance (b) Property Insurance: "All Risk" ISO Special Form property insurance, including without limitation builder's risk protection during the course of construction, covering the full replacement value of real property and equipment utilized for the Project. Coverage shall extend to provide debris removal. Commission shall be the loss payee under the aforementioned policies under a standard lender's loss payable endorsement. The amount of the property coverage shall at all times exceed the full replacement value of all improvements and fixtures on the Property and the insurer shall waive any coinsurance via an "agreement" endorsement.

c. Worker's Compensation (c) Worker's Compensation: Developer's employees shall be covered by Workers' Compensation insurance in an amount and form to meet all applicable requirements of the Labor Code of the State of California and Employers Liability limits of \$1,000,000 per accident.

d. Automobile Liability (d) Automobile Liability: Combined single limit automobile liability insurance of at least One Million Dollars (\$1,000,000) per accident for bodily injury and property damage, covering owned, non-owned and hired vehicles.

No modification or waiver of the insurance requirements set forth herein shall be made without the prior written approval of the Executive Director of Commission.

All subsequent verifications or renewals of the coverage requirements stated above must be sent to the Commission with the following identifying information enclosed in order for these requirements to be deemed satisfied:

PROJECT:

ADDRESS: (insert correct address, once it is assigned)

PROJECT NO:

Failure on the part of Developer to procure or maintain the insurance coverage required above shall constitute a material breach of this Agreement pursuant to which Commission may immediately terminate this Agreement and exercise all other rights and remedies set forth herein, at its sole discretion, and without waiving such default or limiting the rights or remedies of Commission, procure or renew such insurance and pay any and all premiums in connection therewith and all monies so paid by Commission shall be repaid by the Developer to Commission upon demand including interest thereon at the Default Rate. The Commission shall have the right, at its election, to participate in and control any insurance claim adjustment or dispute with the Carrier.

Developer's failure to assert or delay in asserting any claim shall not diminish or impair the Commission's rights against the Developer or Carrier.

9.8 Barriers to the Disabled

The Project shall be developed to comply with all applicable federal, state and local requirements for access for disabled persons.

9.9 Lead-Based Paint

Developer and its contractors and subcontractors shall not use lead-based paint in construction of the Project. Developer shall incorporate or cause to be incorporated this provision in all contracts and subcontracts for work performed on the Site which involve the application of paint.

9.10 HOME Program Requirements

The Developer shall comply with the HOME Investment Partnerships Program Requirements, incorporated in this agreement as Exhibit "O".

9.11 Affirmative Marketing

The Developer shall comply with the affirmative marketing procedures established by the Commission in compliance with the HOME Program pursuant to 24 CFR §92.351. The specific measures to be undertaken by the Developer are as depicted in Exhibit "Q", Affirmative Marketing Plan.

10. INDEPENDENT CONTRACTOR

In their performance of this Agreement, both Parties will be acting in an independent capacity and not as agents, employees, partners, joint venturers, or associates of one another. The employees or agents of one Party shall not be deemed or construed to be the agents or employees of the other Party for any purpose whatsoever, including workers' compensation liability. Developer shall bear the sole responsibility and liability for furnishing or causing the General Contractor to furnish workers' compensation benefits to any person for injuries arising from or connected with services performed on behalf of Developer pursuant to this Agreement.

11. ASSIGNMENT OF THIS AGREEMENT

This Agreement shall be assignable by Developer only if Developer obtains the prior express written consent of the Commission or the Commission's Executive Director, which consent may be withheld by the Commission in its sole discretion. Notwithstanding anything to the contrary in this Agreement, no purported assignment of this Agreement and the HOME Loan shall be effective if such assignment would violate the terms, conditions and restrictions of any Applicable Governmental Restrictions. Commission's consent to such assignment shall be expressly conditioned upon (i) the assignee's execution of such documents as required by Commission at its sole discretion including, without limitation, any and all documents deemed necessary by Commission to provide for said assignee's assumption of all of the obligations of Developer hereunder and under the HOME Loan Documents, and (ii) Commission's approval of the financial and credit worthiness of such proposed assignee and the assignee's ability to perform all of the Developer's obligations under this Agreement, the Note, and all other Loan Documents.

Any attempt by Developer to assign any performance or benefit under the terms of this Agreement, without the prior written consent of the Commission as provided herein, shall be null and void and shall constitute a material breach of this Agreement. In accordance with the foregoing, in the event of (i) a sale or transfer of Developer's interest in the Site, or (ii) a sale or transfer of more than forty-nine percent (49%) of its present ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis, or (iii) a sale or transfer of the Project, occurring without the written consent of Commission, Commission may, at its option, by written notice to Developer, declare Developer in default under this Agreement.

Notwithstanding the foregoing, if the Project receives funding through an allocation of state or federal low income housing tax credits, the Commission hereby consents to the following transfers in furtherance of such financing: (i) syndication of limited partnership interest in Developer to an equity investor; (ii) grant of a purchase option and/or right of first refusal with respect to the Project from Developer to its general partners and (iii) removal of any general partner of Developer pursuant to the terms of the limited partnership agreement of Developer, as may be amended from time to time, provided that any replacement general partner is approved by Commission, which approval shall not be unreasonably withheld.

12. EVENTS OF DEFAULT AND REMEDIES

12.1 Developer Events of Default

The occurrence of any of the following shall, after the giving of any notice and the expiration of any applicable cure period described herein, constitute an event of default by Developer hereunder ("Event of Default"):

a. The failure of Developer to pay or perform any monetary covenant or obligation hereunder or under the terms of the Note or the Deed of Trust, without curing such failure within ten (10) days after the date such payment is due. Notwithstanding anything herein to the contrary, the herein described cure period shall not apply to a failure by Developer to timely repay

the HOME Loan at the Maturity Date of the Note;

b. The failure of Developer to perform any nonmonetary covenant or obligation hereunder or under the terms of the Note or the Deed of Trust, without curing such failure within thirty (30) days after receipt of written notice of such default from Commission (or from any party authorized by Commission to deliver such notice as identified by Commission in writing to Developer) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency; provided, however, that if any default with respect to a non-monetary obligation is such that it cannot be cured within a thirty (30) day period, it shall be deemed cured if Developer commences the cure within said thirty (30) day period and diligently prosecutes such cure to completion thereafter with the cure completed in any event within 180 days after the notice. Notwithstanding anything herein to the contrary, the herein described notice requirements and cure period shall not apply to any Event of Default described in Sections 12.1(d) through 12.1(h) below;

c. The failure of Developer to comply with an item in the Schedule of Performance, as described in Exhibit "H", following written notice of such failure by the Commission specifying the exact nature of the deficiency, and the failure by Developer to cure the deficiency to the Commission's satisfaction within the cure period set forth in Section 12.(b) above.

d. The material falsity of any representation or breach of any warranty or covenant made by Developer under the terms of this Agreement, the Note, or the Deed of Trust;

e. Developer or any constituent member or partner, or majority shareholder, of Developer shall (a) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of its property, (b) fail to pay or admit in writing its inability to pay its debts generally as they become due, (c) make a general assignment for the benefit of creditors, (d) be adjudicated a bankrupt or insolvent or (e) commence a voluntary case under the Federal bankruptcy laws of the United States of America or file a voluntary petition that is not withdrawn within ten (10) days of the filing thereof or answer seeking an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy or insolvency proceeding;

f. If without the application, approval or consent of Developer, a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, in respect of Developer or any constituent member or partner, or majority shareholder, of Developer, for an order for relief or an adjudication in bankruptcy, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of Developer or of all or any substantial part of Developer's assets, or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by Developer, in good faith, the same shall (i) result in the entry of an order for relief or any such adjudication or appointment, or (ii) continue undismissed, or pending and unstayed, for any period of ninety (90) consecutive days;

g. Following completion of the rehabilitation of the Project, voluntary cessation of the operation of the Project for a continuous period of more than thirty (30) days or the involuntary cessation of the operation of the Project in accordance with this Agreement for a continuous period of more than sixty (60) days;

h. Developer shall suffer or attempt to effect a Transfer (as defined below) in violation of Section 11.0 or Section 8.1 above; or

i. Developer shall be in default under the CC&Rs, the Senior Financing, the Junior Financing, the Other Financing, the Supportive Services Agreement, if any, or any other secured or unsecured obligation relating to the Project, unless the default is cured within the cure period, if any, applicable thereto under the terms of the obligation which is in default.

12.2 Commission Remedies{tc \12 "11.2. Commission Remedies}

Upon the occurrence of an Event of Default hereunder, Commission may, in its sole discretion, take any one or more of the following actions:

a. By notice to Developer declare the entire then unpaid principal balance of the HOME Loan immediately due and payable, and the same shall become due and payable without further demand, protest or further notice of any kind, all of which are expressly waived. Upon such declaration, outstanding principal and (to the extent permitted by law) interest and any other sums outstanding in connection with the HOME Loan shall thereafter bear interest at the Default Rate, payable from the date of such declaration until paid in full;

b. Subject to the nonrecourse provisions of Section 1 above, take any and all actions and do any and all things which are allowed, permitted or provided by law, in equity or by statute, in the sole discretion of Commission, to collect the amounts then due and thereafter to become due hereunder and under the Note, to exercise its rights under the Deed of Trust, to include foreclosure on the Site and any Developer Improvements made to the Site, and to enforce performance and observance of any obligation, agreement or covenant of the Developer under this Agreement or under any other document executed in connection herewith;

c. Subject to the nonrecourse provisions of Section 1 above, upon the occurrence of an Event of Default which is occasioned by Developer's failure to pay money, whether under this Agreement or the Note, Commission may, but shall not be obligated to, make such payment. If such payment is made by Commission, Developer shall deposit with Commission, upon written demand therefor, such sum plus interest at the Default Rate. The Event of Default with respect to which any such payment has been made by Commission shall not be deemed cured until such repayment (as the case may be) has been made by Developer. Until repaid, such amounts shall have the security afforded disbursements under the Note;

d. Subject to the nonrecourse provisions of Section 1 above, upon the occurrence of an Event of Default described in Section 12.1(d) or 12.1(e) hereof, Commission shall be entitled and empowered by intervention in such proceedings or otherwise to file and prove a claim for the whole amount owing and unpaid on the HOME Loan and, in the case of commencement of any judicial proceedings, to file such proof of claim and other papers or documents as may be necessary or advisable in the judgment of Commission and its counsel to protect the interests of Commission and to collect and receive any monies or other property in satisfaction of its claim.

12.3 No Remedy Exclusive{tc \12 "11.3. No Remedy Exclusive}

No remedy herein conferred upon or reserved to Commission is intended to be exclusive of any other available remedy or remedies, but each such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now existing at law or hereafter in equity or by statute; and may be exercised in such number, at such times and in such order as Commission may determine in its sole discretion. No delay or omission to exercise any right or power upon the occurrence of any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient by Commission. In order to entitle Commission to exercise any right or remedy reserved to it under this Agreement, no notice shall be required except as expressly provided herein.

12.4 Commission Default and Developer Remedies 12.4. Commission Default and Developer Remedies

Upon fault or failure of Commission to meet any of its obligations under this Agreement without curing such failure within thirty (30) days after receipt of written notice of such failure from Developer specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency, Developer may, as its sole and exclusive remedies:

- a. Demand and obtain payment from Commission of any sums due to or for the benefit of Developer pursuant to the express terms of this Agreement;
- b. Bring an action in equitable relief seeking the specific performance by Commission of the terms and conditions of this Agreement or seeking to enjoin any act by Commission which is prohibited hereunder; and
- c. Bring an action for declaratory relief seeking judicial determination of the meaning of any provision of this Agreement.

Without limiting the generality of the foregoing, Developer shall in no event be entitled to, and hereby waives, any right to seek consequential damages of any kind or nature from Commission arising out of or in connection with this Agreement, and in connection with such waiver Developer is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH, IF KNOWN BY HIM, MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

13. AGREEMENT TO PAY ATTORNEYS' FEES AND EXPENSES

In the event that either party hereto brings any action or files any proceeding in connection with the enforcement of its respective rights under this Agreement or any of the HOME Loan Documents as a consequence of any breach by the other party of its obligations thereunder or hereunder, the prevailing party in such action or proceeding shall be entitled to have its reasonable attorneys' fees and out-of-pocket expenditures paid by the losing party. The attorneys' fees so recovered shall include fees for prosecuting or defending any appeal and shall be awarded for any supplemental proceedings until the final judgment is satisfied in full. In addition to the foregoing award of attorneys' fees, the prevailing party in any lawsuit on this Agreement or any other HOME Loan Document shall also be entitled to its attorneys' fees incurred in any post-judgment proceedings to collect or enforce the judgment. In addition to the foregoing, Developer agrees to pay or reimburse Commission, upon demand by Commission, for all costs incurred by Commission in connection with the enforcement of this Agreement, the Note, and any other HOME Loan Document, including without limitation, reasonable attorneys' fees and costs, if there shall be filed by or against Developer any proceedings under any federal or state bankruptcy or insolvency laws, whether Commission is a creditor in such proceeding or otherwise.

14. RIGHT OF ACCESS AND INSPECTION

Commission shall have the right at any time during normal business hours and from time to time to enter upon the Site for purposes of inspection. If Commission in its reasonable discretion determines that any work or materials are not in conformity with this Agreement, or any applicable Governmental Restrictions, Commission may at its election, after notice to and consultation with the Developer and affording the Developer thirty (30) days after such notice to cure the matter (provided, however, that if such matter cannot be cured within a 30-day period, it shall be deemed cured if Developer commences the cure within said 30-day period and diligently prosecutes such cure to completion thereafter) and the Developer fails to cure the matter, itself cure the matter. Inspection by Commission of the Project or the Site or any construction thereof is for the sole purpose of protecting Commission and is not to be construed as an acknowledgment, acceptance or representation by Commission or the County of Los Angeles that there has been compliance with any Plans approved pursuant to this Agreement, or any terms or provisions of this Agreement, or that the Project or the Site or any of the construction thereof is or will be free of faulty materials or workmanship.

The Commission shall have the right at any time during normal business hours and from time to time to enter upon the Site for purposes of inspection. If the Commission in its reasonable discretion determines that the Project is not being operated in conformity with this Agreement, or any Applicable Governmental Restrictions, the Commission may at its election, after notice to and consultation with the Developer and affording the Developer thirty (30) days after such notice to cure the matter (provided, however, that if such matter cannot be cured within a thirty ((30)) day period, it shall be deemed cured if Developer commences the cure within said thirty ((30)) day period and diligently prosecutes such cure to completion thereafter) and the Developer fails to cure the matter, itself cure the matter. Inspection by the Commission of the Project or the Site is not to be construed as an acknowledgment, acceptance or representation by the commission or the County of Los Angeles that there has been compliance with any terms or provisions of this Agreement.

15. CONFLICT OF INTEREST; NO INDIVIDUAL LIABILITY

No official or employee of Commission shall have any personal interest, direct or indirect, in this Agreement, nor shall any official or employee of Commission participate in any decision relating to this Agreement which affects such official's or employee's pecuniary interest in any corporation, partnership or association in which such official or employee is directly or indirectly interested. No official or employee of Commission shall be personally liable in the event of a breach of this Agreement by Commission.

16. AMENDMENTS, CHANGES AND MODIFICATIONS

This Agreement may not be amended, changed or modified without the prior written consent of the parties hereto.

17. EXECUTION OF COUNTERPARTS

This Agreement with exhibits constitutes the entire understanding and agreement of the parties and may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same document.

18. NOTICES

All notices, demands, requests, elections, approvals, disapprovals, consents or other communications given under this Agreement shall be in writing and shall be given by personal delivery, facsimile, certified mail (return receipt requested), or overnight guaranteed delivery service and addressed or faxed as follows:

If to Commission: Community Development Commission of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Executive Director
Fax No. (323) 890-8576

With a copy to: Community Development Commission of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Director of Housing Development and Preservation
Fax No. (323) 890-8576

If to Developer: The WIN Project
5230 Pacific Concourse Drive, Suite 200
Los Angeles, CA 90045
Attn: Ms. Regina Young
Fax No.(562) 864-6409

With a copy to: _____

Fax No. _____

Notices shall be effective upon receipt, if given by personal delivery; upon receipt if faxed, provided there is a written confirmation of receipt (except that if received after 5 p.m., notice shall be deemed received on the next business day); the earlier of (i) three (3) business days after deposit with United States Mail; or (ii) the date of actual receipt as evidenced by the return receipt, if delivered by certified mail; or (iii) one (1) day after deposit with the delivery service, if delivered by overnight guaranteed delivery service. Each party shall promptly notify the other party of any change(s) of address or fax to which notice shall be sent pursuant to this Agreement.

19. SEVERABILITY

The invalidity or unenforceability of any one or more provisions of this Agreement will in no way affect any other provision.

20. INTERPRETATION

Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The captions of the paragraphs of this Agreement are for convenience only and do not define or limit any terms or provisions. Time is of the essence in the performance of this Agreement by Developer. Each Party has been represented by counsel in the negotiation of this Agreement and it shall not be interpreted in favor of or against any Party on account of relative responsibilities in drafting.

21. NO WAIVER; CONSENTS

Any waiver by Commission must be in writing and will not be construed as a continuing waiver. No waiver will be implied from any delay or failure by Commission to take action on account of any default of Developer. Consent by Commission to any act or omission by Developer will not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for Commission's consent to be obtained in any future or other instance.

22. APPLICABLE POLICIES{tc \l1 "21.0 APPLICABLE POLICIES}

22.1 Governing Law{tc \l3 "A. Governing Law}

This Agreement shall be governed by the laws of the State of California.

22.2 Compliance with Laws{tc \l3 "B. Compliance with Laws}

Developer agrees to be bound by applicable federal, state, and local laws, regulations and
Disposition and Development Agreement

directives as they pertain to the performance of the Agreement. This Agreement is subject to and incorporates the terms of the Housing and Community Development Act of 1974, as amended by the Cranston-Gonzales National Affordable Housing Act, 1990 and the 24 Code of Federal Regulations (CFR) Part 85

22.3 HOME Program and Federal Requirements

~~{tc \12 }~~13.1 HOME Program and Federal RequirementsIn addition to any other obligations of the Developer to this Agreement, the Developer agrees to comply with all of the HOME Program Requirements, a summary of which is included as Exhibit “O”.

23. ACCESS AND RETENTION OF RECORDS

Developer shall provide access to Commission, any Federal agency providing funds to be used for the Project, the Comptroller General of the United States, or any of their duly authorized representatives to any books, for the purpose of making audits, examinations, excerpts and transcriptions, all documents, papers and records of the Developer which are directly pertinent to the construction of the Developer Improvements and this Agreement. The Developer is required to retain the aforementioned records for a period of five years after escrows for all units have closed. In addition to the books and records described above, upon seventy-two (72) hours written notice, at any reasonable time during such time as this Agreement is in effect, Developer shall prepare and submit to Commission, all additional reports (other than the progress reports required to be prepared under Section 6.6) reasonably required by Commission or its representatives which in the reasonable judgment of Commission and its representatives may be relevant to a question of compliance with this Agreement, the HOME Land Acquisition Deed of Trust, or the CDBG Land Acquisition Deed of Trust. Developer shall also retain all such reports, records and data relating to the Project for the five-year period described above. In the event any litigation, claims or audit is started during the period when this Agreement is in effect, said books and records shall be retained until all litigation, claims or audit findings involving said books and records have been resolved.

24. REPRESENTATIONS AND WARRANTIES OF DEVELOPER

Developer hereby warrants and represents to Commission that:

24.1 Organization and Standing

Developer is a legal entity as described in the Transaction Summary above, duly organized, qualified to operate in California, and validly existing and in good standing under all applicable laws, and has all requisite power and authority to enter into and perform its obligations under this Agreement, the HOME Construction Note, the HOME Construction Deed of Trust, and all other documents executed in connection herewith.

24.2 Enforceability

This Agreement, the HOME Construction Note, the HOME Construction Deed of Trust, and all other instruments to be executed by Developer in connection herewith constitute the legal, valid and binding obligation of Developer, without joinder of any other party.

24.3. Authorization and Consents

The execution, delivery and performance of this Agreement and all other instruments to be executed in connection herewith is consistent with the operating agreement, partnership agreement, or articles and bylaws governing Developer and have been duly authorized by all necessary action of Developer's members, partners, directors, officers and shareholders.

24.4. Due and Valid Execution

This Agreement, the HOME Construction Note, the HOME Construction Deed of Trust, and all other instruments to be executed in connection herewith, will, as of the date of their execution, have been duly and validly executed by Developer.

24.5. Licenses

Developer will obtain and maintain all material licenses, permits, consents and approvals required by all applicable governmental authorities to develop and sell the Units.

24.6. Litigation and Compliance

To Developer's current actual knowledge, there are no suits, other proceedings or investigations pending or threatened against, or affecting the business or the properties of Developer which could materially impair its ability to perform its obligations under this Agreement, nor is Developer in violation of any applicable Governmental Restrictions which could materially impair Developer's ability to perform its obligations under this Agreement.

24.7. Default

To Developer's current actual knowledge, there are no facts now in existence which would, with the giving of notice or the lapse of time, or both, constitute an "Event of Default" hereunder, as described in Section 12.

24.8. No Violations

The execution and delivery of this Agreement, the HOME Construction Note, the HOME Construction Deed of Trust, and all other documents executed or given hereunder, and the performances thereunder by Developer, as applicable, will not constitute a breach of or default under any instrument or agreement to which Developer may be a party nor, to Developer's current actual knowledge, will the same constitute a breach of or violate any applicable Governmental Restrictions.

25. APPROVALS

Any consent to a transfer under Section 11 or 8.1 of this Agreement, and any other consent or approval by the Commission under this Agreement or any of the Loan Documents, may be given by the Commission's Executive Director without action of the Commission's governing board unless the Executive Director in his or her sole discretion elects to refer the matter to the Commission's governing board.

Except with respect to those matters set forth hereinabove providing for the Commission's approval, consent or determination to be at the Commission's "sole discretion" or "sole and absolute discretion," the Commission hereby agrees to act reasonably with regard to any approval, consent, or other determination given by the Commission hereunder. The Commission agrees to give Developer written notice of its approval or disapproval following submission of items to the Commission for approval, including, in the case of any disapproved item, the reasons for such disapproval. Any review or approval of any matter by the Commission or any Commission official or employee under this Agreement shall be solely for the benefit of the Commission, and neither Developer nor any other person shall rely upon such review or approval as an indication of the wisdom, soundness, safety, appropriateness, or presence or absence of any matter. Without limiting the generality of the foregoing, Developer and not the Commission shall be solely responsible for assuring compliance with laws, and the operation of the project.

26. GOOD FAITH AND FAIR DEALING

Commission and Developer agree to perform all of their obligations and the actions required of each hereunder in good faith and in accordance with fair dealing.

27. ASSIGNMENT OF INTEREST IN THE SITE OR THE PROJECT

Without the prior written approval of Commission, which approval Commission may withhold in its sole and absolute discretion, Developer shall not (i) sell, encumber, assign or otherwise transfer (collectively, "Transfer") all or any portion of its interest in the Site or the Project, (ii) permit the Transfer of greater than 49% of its ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis, or (iii) Transfer any of its rights or obligations under this Agreement, as further described in Section 11. Developer hereby agrees that any purported Transfer not approved by Commission as required herein shall be ipso facto null and void, and no voluntary or involuntary successor to any interest of Developer under such a proscribed Transfer shall acquire any rights pursuant to this Agreement.

At any time Developer desires to effect a Transfer hereunder, Developer shall notify Commission in writing (the "Transfer Notice") and, except with respect to a sale of a Unit in the Project in the ordinary course of Developer's business, shall submit to Commission for its prior written approval (i) all proposed agreements and documents (collectively, the "Transfer Documents") memorializing, facilitating, evidencing and/or relating to the circumstances surrounding such proposed Transfer, and (ii) a certificate setting forth representations and warranties by Developer and the proposed transferee to Commission sufficient to establish and insure that all requirements of this Section 27 have been and will be met. No Transfer Documents shall be approved by Commission unless they expressly provide for the assumption by the proposed transferee of all of Developer's obligations hereunder. The Transfer Notice shall include a request that Commission consent to the proposed Transfer. Commission agrees to make its decision on

Developer's request for consent to such Transfer as promptly as possible, and, in any event, not later than thirty (30) days after Commission receives the last of the items required by this Section 27. In the event Commission consents to a proposed Transfer, then such Transfer shall not be effective unless and until Commission receives copies of all executed and binding Transfer Documents which Transfer Documents shall conform with the proposed Transfer Documents originally submitted by Developer to Commission. Upon the effectiveness of any such Transfer, Developer shall be released from its obligations hereunder only if the written Commission consent expressly provides such a release. Except as expressly provided herein to the contrary, all Developer obligations hereunder shall run with the land and be binding on successors and assigns.

Notwithstanding anything in this Agreement which may be or appear to be to the contrary, Developer agrees that it shall not be permitted to make any Transfer, whether or not Commission consent is required therefor and even if Commission has consented thereto, if there exists an Event of Default under this Agreement at the time the Transfer Notice is tendered to Commission or at any time thereafter until such Transfer is to be effective.

The provisions of this Section 27 shall apply to each successive Transfer and proposed transferee in the same manner as initially applicable to Developer under the terms set forth herein.

The prohibitions against Transfer contained in this Section 27 shall not apply subsequent to the issuance of the Certificate of Completion with respect to the Developer Improvements constructed upon the Site. The prohibitions against Transfer contained in this Section 27 shall not be deemed to prevent the granting of easements or permits to facilitate the development of the Site or to prohibit or restrict the sale of any part or parts of the Developer Improvements in accordance with this Agreement.

In the absence of specific written agreement by Commission, no Transfer otherwise approved by Commission shall be deemed to relieve the Developer or any other party from any obligations under this Agreement. If the Developer violates any provision of this Section 27, Commission may terminate this Agreement immediately upon written notice to Developer.

28. EMPLOYEES OF DEVELOPER

Workers' Compensation: Developer understands and agrees that all persons furnishing services to the Commission pursuant to this Agreement are, for the purposes of Workers' Compensation liability, employees solely of the Developer. Developer shall bear sole responsibility and liability for providing Workers' Compensation benefits to any person for injuries arising from an accident connected with services provided to the Commission under this Agreement.

Professional Conduct: The Commission does not and will not condone any acts, gestures, comments or conduct from the Developer's employees, agents or subcontractors which may be construed as sexual harassment or any other type of activities or behavior that might be construed as harassment. The Commission will properly investigate all charges of harassment by residents, employees or agents of the Commission against any and all Developer's employees, agents or subcontractors providing services for the Commission. The Developer assumes all liability for the actions of the Developer's employees, agents or subcontractors and is responsible for taking appropriate action after reports of harassment are received by the Developer.

29. SUBCONTRACTING

The Developer may subcontract only those specific portions of work allowed in the original specifications covered by this Agreement with prior written approval by the Commission.

The Developer shall not subcontract any part of the work covered by this Agreement or permit subcontracted work to be further subcontracted without prior written approval by the Commission

30. SAFETY STANDARDS AND ACCIDENT PREVENTION

The Developer shall comply with all applicable federal, state and local laws governing safety, health and sanitation. The Developer shall provide all safeguards, safety devices and protective equipment and take any other needed actions, as its own responsibility, reasonably necessary to protect the life and health of employees on the job and the safety of the public and to protect property in connection with the performance of this Agreement.

31. COMMISSION REQUIREMENTS{tc \l1 "31.0 COUNTY REQUIREMENTS}

Developer shall comply with the provisions set forth in Exhibit "P" to this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date and year first above written.

COMMISSION:

Community Development Commission of the
County of Los Angeles

By: _____
Carlos Jackson, Executive Director

APPROVED AS TO FORM:

Lloyd W. Pellman,
County Counsel

By: _____
Deputy

DEVELOPER:

The WIN Project

By: _____
Regina Young, Executive Director

TABLE OF EXHIBITS

EXHIBIT "A"	SITE LEGAL DESCRIPTION
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EXHIBIT "F"	HOME CONSTRUCTION PROMISSORY NOTE
EXHIBIT "G"	HOME CONSTRUCTION DEED OF TRUST
EXHIBIT "H"	SCHEDULE OF PERFORMANCE
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EXHIBIT "K"	SECONDARY UNIT LAND NOTE
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EXHIBIT "O"	HOME PROGRAM REQUIREMENTS
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EXHIBIT "T"	CONSTRUCTION REQUIREMENTS
EXHIBIT "U"	SAFELY SURRENDERED BABY LAW FACT SHEET

EXHIBIT "A"

SITE LEGAL DESCRIPTION

Lot 24 in Block 9 of Tract No. 5018, in the County of Los Angeles, State of California, as per map recorded in Book 54 page(s) 21 of Maps, in the Office of the County Recorder of said county.

EXHIBIT “B”

PROJECT DESCRIPTION

The project is a new construction development, located in unincorporated Willowbrook in Los Angeles County and consists of one single-family for-sale housing unit. The unit will be affordable to a first-time homebuyer earning more than seventy percent (70%) and less than eighty percent (80%) of the Area Median Income (AMI) for the Los Angeles/Long Beach Metropolitan Statistical Area (MSA) adjusted for household size, as defined by the United States Department of Housing and Urban Development (HUD), or any successor entity designated under state law as responsible for establishing such area median income.

The developer shall utilize funding from the HOME and CDBG programs to assist in the development of the housing unit, which shall have three bedrooms, two and one-half baths, and consist of 1,400 square feet of usable space. The site, which is owned by the Commission, shall be conveyed to the developer upon completion of necessary infrastructure work and the fulfillment of other conditions.

The developer will utilize the Affirmative Marketing Plan, attached as Exhibit “Q” in marketing the unit to a first-time homebuyer.

EXHIBIT “C”

CDBG INFRASTRUCTURE GRANT SCOPE OF WORK

The Developer shall utilize the CDBG Infrastructure Grant to perform, or cause to be performed, the following work in connection with the development of the Site:

- a. Clearing, grubbing grading, compacting of soil and paving for Offsite Improvements.
- b. Trenching, placement of pipes, and placement of manholes for storm drains.
- c. Trenching, placement of wires, pull boxes, transformers, vaults, stubouts, and meters to provide power to the unit (or the placement of poles and related equipment for power, if allowed).
- d. Trenching, tapping into existing mains, placement of new pipe, stubouts and placement of meters for the distribution of gas service to the unit.
- e. Installation of new or repair of existing mains, gutters and driveway approaches.
- f. Repair, replacement and blending of street pavement to meet the curb/gutter grades of the unit as needed.
- g. Installation of street trees as needed.
- h. Other infrastructure work as needed and approved by the Commission.

These improvements shall be based on final drawings and plans provided by the Developer as required by the Commission for construction of the improvements. The CDBG Infrastructure grant shall also be used to pay for applicable fees, surveys, permit costs, and architectural/engineering fees as deemed allowable and appropriate by the Commission.

EXHIBIT “D”

FINANCING ASSUMPTIONS

PROFORMA: New Construction
DEVELOPMENT COSTS

Developer Name:The Win Project:
Project Address:1558 East 117th St. Los Angeles
Land Area/Unit (sq. ft.):3425

No. Res. Units: 2 story 3bed 2.5 bath
Building Area (sq. ft.)1400
Garage Area (sq. ft.): 2

LAND COSTS

ACQUISITION COSTS:

Purchase Price/Appraised Value

Closing Costs/Title Insurance

Other

Sub-Total Land Costs

Direct Cost

Building permit/plan check \$0.00

Survey/ water meter \$2,500.00

Sewer connection fee city \$2,000.00

Preparation / on site/grading and compaction \$3,000.00

Excavation and Foundation \$6,500.00

security \$3,000.00

New Construction & Garage/driveway \$104,300.00

Core of Construction Insurance/Fire \$1,000.00

Contingency \$15,000.00

Architectural & Engineering \$5,000.00

School Fees \$5,000.00

Builder Profit and Over Head \$7,000.00

Sub-Total Permit/Fees & Studies \$154,300.00

Total \$154,300.00

INDIRECT COSTS:

Homeowner warranties \$350.00

Public Library \$700.00

Financing Fees \$0.00

Environmental (Phase1) \$0.00

Taxes \$500.00

Atla Survey \$1,500.00

Sub-Total Indirect Costs \$3,050.00

FUNDING GAP \$0.00

SELLING COSTS:

Real Estate Agents Fees \$10,380.00

Closing Costs \$8,400.00

Developers Fee \$15,000.00

Down payment Assistance

Total Sale Price \$33,780.00

TOTAL DEVELOPMENT COST (TDC) \$191,130.00

Assumptions:

Percent of Median	Annual \$ Available for Mortgage
Number of Bedrooms	Monthly Available for Mortgage
Household Size	Interest Rate
Annual Housing Expenditure	Term (Years)

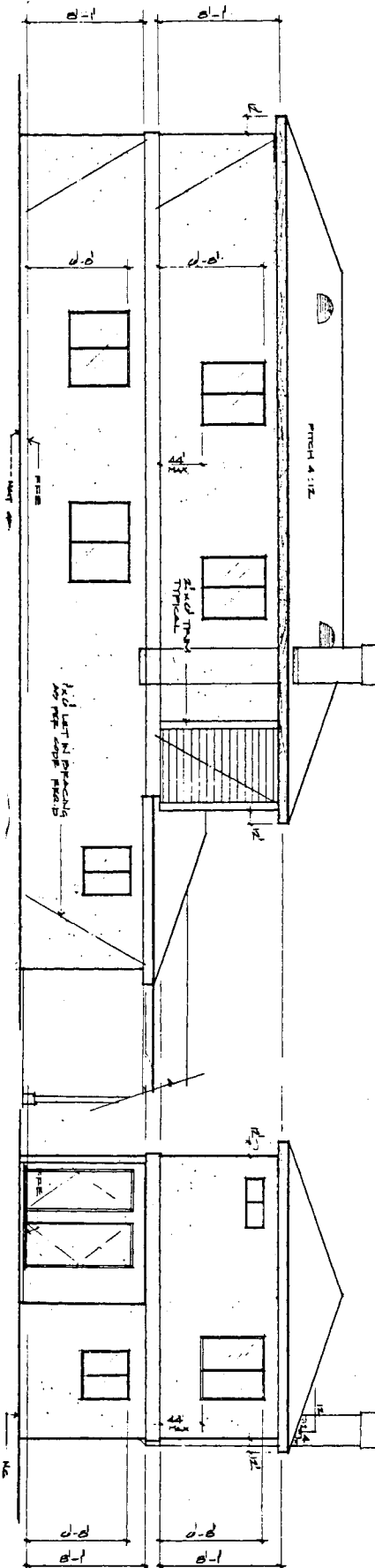
Project Name: 117th St., Los Angeles, CA
Developer: The Win Project
Contractor: South LA Development Group, Inc.

Contractor's Trade Payment Breakdown

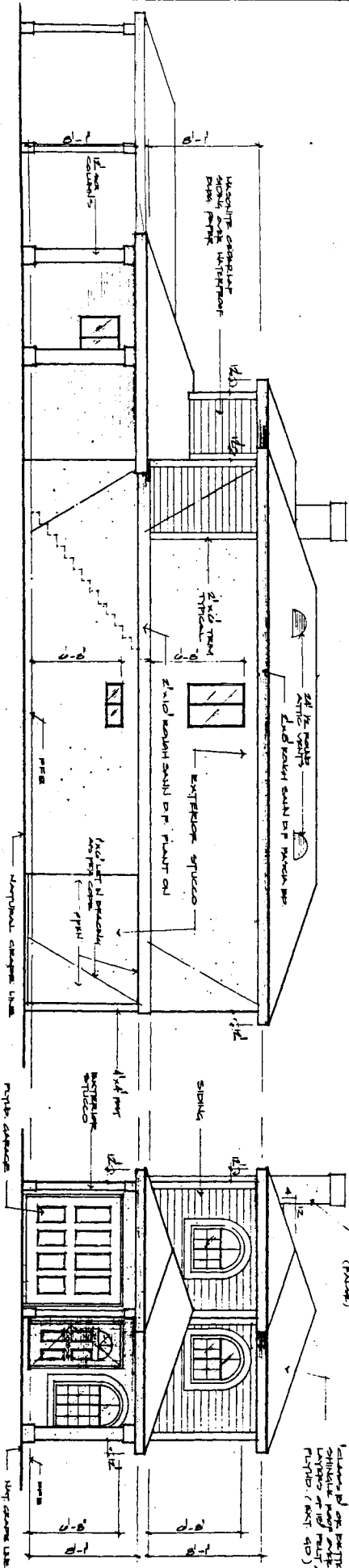
Preparation/on site: (soil test & grading)	4,000
Offsite/ on site work (driveway, landscaping)	5,300
Excavation & Foundation	6,500
Rough Plumbing	8,000
Framing	23,000
Rough electrical	7,000
Insulation	1,500
Drywall	6,000
Stucco	8,000
Windows	4,000
Doors & Frames	3,500
Roof	4,000
Painting	3,500
Cabinets	5,000
finish plumbing	2,500
finish electrical	2,000
finish carpentry	2,000
finish hardware	1,500
Rough HVAC	1,500
Finish HVAC	2,000
floor covering	4,000
Clean Up	2,500
Total	<u>107,300</u>

EXHIBIT “E”

SITE PLANS AND ELEVATIONS



LEFTSIDE ELEVATION



RIGHTSIDE ELEVATION

FRONT ELEVATION

10/10/01

Section of the building showing
typical floor and ceiling
levels and roof, with the
pitch (4:12) indicated.

[illegible][illegible][illegible][illegible]

EXHIBIT “F”

HOME CONSTRUCTION PROMISSORY NOTE

EXHIBIT "F" TO LOAN AGREEMENT
HOME CONSTRUCTION PROMISSORY NOTE

\$156,270

_____, 2003

For value received, the undersigned, The WIN Project, a California non-profit public benefit corporation ("Borrower") whose principal address is set forth hereinbelow, promises to pay to the order of the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("Commission") at Two Coral Circle, Monterey Park, California 91755-7425 (or to such designee and/or at such other address as the Commission may from time to time designate in writing), the principal sum of ONE HUNDRED FIFTY SIX THOUSAND TWO HUNDRED SEVENTY DOLLARS (\$156,270) (the "Loan"), or such amount as may be advanced hereunder, plus accrued and unpaid interest as provided hereinbelow, and all other charges due hereunder, in accordance with the terms and conditions of that certain Disposition and Development Agreement dated as of _____, 2003, entered into between Borrower and the Commission (the "Agreement"), and the terms and conditions of this Promissory Note (this "Note"). As set forth in greater detail in the Agreement, the purpose of the Loan is to provide Borrower construction financing in connection with a housing project ("Project" or "Assisted Unit") on a site more particularly described in the Agreement ("Site").

1. Interest.

1.1 Basic Interest{tc \12 "1.1 Basic Interest}. Except as provided in Section 1.3 below, the disbursed and unpaid principal balance of the Loan shall bear interest at the rate of three percent (3 %) per annum, simple interest ("Basic Rate"), commencing on the date hereof, and ending on the date when all sums hereunder are paid. Interest shall be computed on the basis of actual number of days elapsed and a 360-day year. The interest accrued on the Loan, as described in this Section shall be waived by the Commission if the Assisted Unit is completed and is sold by the date specified in the Schedule of Performance. In the event of reasonable delay, the Commission may, in its absolute and sole discretion, allow an extension of this period. In the event that interest comes due, such interest shall be deducted from the Developer Fee paid to the Developer out of escrow.

1.2 Payment Dates and Amounts{tc \12 "1.2 Payment Dates and Amounts}. Absent a prepayment, an Event of Default or other event giving rise to an acceleration of sums due hereunder, Borrower shall repay all sums due under this Note as follows: At the sale of the Project, Borrower shall pay Commission (i) the sum of the qualified buyers' downpayment and First Trust Deed, not to exceed the principal of the Loan (the "Principal Repayment"); (ii) all interest accrued on the Loan from the date hereof until the date of such sale, unless such interest be waived as described in Section 1.2 above; and (iii) all other unpaid fees, charges and expenses assessed against the Borrower under this Note, the Agreement or the Deed of Trust from the date hereof to the date of such sale. Notwithstanding the foregoing, Borrower shall repay all sums due under this Note no later than 24 months after the close of escrow.

1.3 Default Rate 1.4 Repayment of Deferral; Deferral Interest; Default Rate. Any amounts (including but not limited to amounts of principal and interest on the Loan) which Borrower does not pay when due under the terms of the Agreement or this Note shall bear interest at the rate of ten percent (10%) per annum, simple interest ("Default Rate"), from the date due until the date paid.

1.4 Intentionally Omitted 1.5 Definition of Residual Receipts.

1.5 In addition to the payments provided in Section 1.1 above, Borrower shall pay to the Commission towards (but not to exceed) any outstanding amounts associated with the Loan: (a) no later than the date of close of escrow or other consummation of any Assignment other than a Minor Assignment, the Applicable Percentage of the Net Proceeds of such Assignment; and (b) no later than the recording of a Refinancing, fifty percent (50%) of the Net Refinancing Proceeds received from any such Refinancing.

A "Minor Assignment" shall mean any lease of an individual unit in the Project for occupancy by a residential tenant and in the ordinary course of business for operation of the Project.

"Applicable Percentage" shall mean fifty percent (50%); provided, however, that the term Applicable Percentage shall mean one hundred percent (100%) with respect to a payment on the Loan attributable in whole or in part to a condemnation of, or event of damage, destruction or casualty with respect to, the Site, the Project or any portion of either.

"Assignment" means any voluntary or involuntary conveyance, disposition, assignment, taking, casualty, encumbrance (other than a Refinancing as defined below or the creation of the Senior Financing or any other Project Loan or limited partner contribution, the proceeds of which are used solely for initial acquisition of the Site by Borrower or initial development of the Project), sublease, sale, license, concession, management agreement, operating agreement, transfer or similar transaction with respect to any direct or indirect interest or economic benefit of any person or entity in connection with the Project or the use or occupancy of the Site including, without limitation, any Transfer by Borrower of all or any portion of its rights under or interest in the Project or the Site, any change of ownership or control of Borrower, any condemnation or taking of the Site or the Project or any portion thereof, any event of damage to or destruction of the Site or the Project, any foreclosure of Borrower's interest in the Project or the Site, whether by judicial proceedings, or by virtue of any power contained in a deed of trust, indenture or other instrument creating a lien against the Site or the Property, or any assignment of Borrower's estate in the Project or the Site through, or in lieu of, foreclosure or other appropriate and bona fide proceedings in the nature thereof; provided, however, that the term "Assignment" as used herein shall not include bona fide transfers of an ownership interest in Borrower to any Affiliate of Borrower, so long as the consideration paid to the selling partner, member or shareholder on account of such transfer does not exceed the actual amount paid by such partner, member or shareholder for its ownership interest plus reimbursement for any out-of-pocket expenses incurred by such partner, member or shareholder in connection with its acquisition of such ownership interest.

"Net Proceeds" of an Assignment shall mean (1) the proceeds received, directly or indirectly, by Borrower or any Affiliate or constituent member or partner, or majority shareholder, of Borrower or any Affiliate as a result of such Assignment, including, without limitation, cash, the amount of any monetary lien or encumbrance assumed or taken subject to by the assignee, the fair market value of any noncash consideration, including the present value of any promissory note received as part of the proceeds of such Assignment (such present value to be determined based upon a discount rate reasonably satisfactory to the Commission), the entire condemnation award or compensation payable to Borrower or any Affiliate or constituent member or partner, or majority shareholder, of Borrower or any Affiliate in connection with a condemnation or taking in eminent domain of any part of the Site or the Project or any interest therein, all insurance proceeds or awards payable to Borrower or any Affiliate or constituent member or partner or majority shareholder of Borrower or any Affiliate in connection with any damage to or destruction of the Site or the Project or any part thereof not used for project restoration; less (2) the sum of (i) the actual, documented and reasonable expenses of effecting such Assignment, including reasonable brokerage commissions, title insurance premiums, documentary transfer taxes, and reasonable attorneys' fees, in each case actually paid in connection with the Assignment (provided that no deduction shall be allowed for payments to an Affiliate of the person or entity making the Assignment which are in excess of the amount that would be paid for the same or equivalent services in an arms' length transaction between unrelated parties acting reasonably), and (ii) the amount of any proceeds of the Assignment paid (excluding voluntary payments) towards the then-outstanding balance of the Senior Financing. Notwithstanding anything above to the contrary, the permissible deductions for purposes of calculating the Net Proceeds of an Assignment shall not include any foreign, U.S., state or local income taxes, franchise taxes, or other taxes based on income.

"Refinancing" shall mean creation or substantial modification of a loan ("Project Loan") secured by an encumbrance on the Site, the Project, or any portion thereof. The term "Refinancing" shall not include the creation of the Senior Financing or any other Project Loan, the proceeds of which are used solely for initial acquisition of the Site by Borrower or initial development of the Project.

"Net Refinancing Proceeds" shall mean the gross face amount of the Project Loan obtained in connection with such Refinancing, after: (1) payment of the actual, documented and reasonable expenses of such Refinancing, including escrow fees, title policy expenses, legal expenses, survey fees, recording fees, commissions, and other usual and reasonable expenses of any such Refinancing (provided, that no deduction shall be allowed for payments in connection with such Refinancing which are in excess of the amounts that would be paid for the same or equivalent services in an arms' length transaction between unrelated parties acting reasonably); and (2) deduction of amounts repaid (excluding voluntary payments) in connection with the Refinancing towards amounts outstanding under the Senior Financing.

2. Acceleration{tc \l1 "2. Acceleration}.

Notwithstanding the payment terms set forth in Section 1 above, upon the occurrence of any "Event of Default" as set forth in Section 9 below, the entire outstanding principal balance of this Note, together with any outstanding interest and other amounts payable hereunder, shall, at the election of the Commission and upon notice to Borrower thereof become immediately due and payable without presentment, demand, protest or other notices of any kind, all of which are hereby waived by Borrower.

3. Prepayment; Application of Payments{tc \1 "3. Prepayment; Application of Payments}.

At any time after the disbursement of the Loan proceeds, Borrower may prepay all or a portion of the unpaid principal amount of the Loan and accrued interest and any other sums outstanding without penalty. All payments, including any prepayments or funds received upon acceleration pursuant to Section 2 above, shall be applied first toward any outstanding costs of collection or other amounts (excluding Loan principal or interest thereon) due under this Note or the Agreement, then toward outstanding interest accrued at the Default Rate, if any, then toward outstanding interest accrued at the Basic Rate, if any, and finally toward the remaining principal balance under the Note.

4. Security and Source of Payment{tc \1 "4. Security and Source of Payment}.

Borrower's obligations under this Note and the Agreement shall, at all times during which any amount remains outstanding, be secured by the deed of trust ("Deed of Trust") of even date herewith, and of which the Commission is the beneficiary, recorded against Borrower's fee interest in the Site and the Project (collectively, the "Property"). The security interest in the Property granted to the Commission pursuant to the Deed of Trust shall be subordinate only to the Senior Financing and such exceptions to title shown in the title report for the Property which are approved in writing by the Commission. Except to the extent any Event of Default hereunder results directly or indirectly from any fraud or intentional and material misrepresentation by Borrower in connection with this Note, the Agreement or the Loan, the Loan is a nonrecourse obligation of Borrower and, in the event of the occurrence of an Event of Default, the Commission's only recourse under the Deed of Trust shall be against the Property, the proceeds thereof, the rents and other income arising from its use and occupancy as provided in the Deed of Trust, and any other collateral given to the Commission as security for repayment of the Loan.

5. Obligation of Borrower Unconditional{tc \1 "5. Obligation of Borrower Unconditional}.

The obligation of Borrower to repay the Loan and all accrued interest thereon and all other sums due thereunder shall be absolute and unconditional, and until such time as all of the outstanding principal of, interest on and all other sums due under, this Note shall have been fully paid, Borrower agrees that it: (a) will use the funds solely for the purposes set forth herein; and (b) will not terminate or suspend any payment or obligations under this Note, the Agreement, or any other document executed hereunder or in connection herewith for any cause, including without limitation, any acts or circumstances that may constitute failure of consideration, commercial frustration of purpose, or any duty, liability or obligation arising out of or in connection with this Note, the Agreement or any document executed hereunder or in connection herewith.

6. Purpose of Loan{tc \1 "6. Purpose of Loan}.

The Loan proceeds shall be used by Borrower only to provide construction financing for the housing development described in the Agreement. In no event shall Borrower use or otherwise invest the proceeds of the Loan except as expressly provided in this Note.

7. Covenants of Borrower{tc \l1 "7. Covenants of Borrower}.

As additional consideration for the making of the Loan by the Commission, Borrower covenants as follows:

7.1 Compliance with Agreement and Deed of Trust{tc \l2 "7.1 Compliance with Loan Agreement and Deed of Trust}. Borrower shall comply with all of its obligations under the Agreement and the Deed of Trust. Any amounts payable by Borrower under the Agreement or the Deed of Trust (other than amounts also payable hereunder) shall be deemed added to the principal amount of the Loan payable hereunder.

7.2 Other Loans{tc \l2 "7.2 Other Loans}. Borrower shall comply with all monetary and nonmonetary covenants associated with any loan secured by an interest in the Site or the Project. Borrower shall provide to the Commission a copy of any notice of default within five business days after receiving any notice of a default or alleged default of such covenants by Borrower, and Borrower shall promptly cure any such default and cooperate in permitting the Commission, to the extent the Commission in its sole discretion elects to do so, to cure or assist in curing the default. Any cost or expenditure incurred by the Commission in providing or assisting in such a cure shall be added to the outstanding principal amount of the Loan.

8. Assignment of this Note{tc \l1 "8. Assignment of this Note}.

This Note shall be assignable by Borrower only if Borrower obtains the prior express written consent of the Commission, which consent may be withheld by the Commission in its sole discretion. Notwithstanding anything to the contrary in this Note, no purported assignment of this Note and the Loan shall be effective if such assignment would violate the terms, conditions and restrictions of any Applicable Governmental Restrictions. The Commission's consent to such assignment shall be expressly conditioned upon (i) the assignee's execution of such documents as required by the Commission in its sole discretion, including, without limitation, any and all documents deemed necessary by the Commission to provide for said assignee's assumption of all of the obligations of Borrower hereunder and under the Loan Documents, and (ii) the Commission's approval of the financial and credit worthiness of such proposed assignee and the assignee's ability to perform all of the Borrower's covenants under this Note and the Agreement and any of the other Loan Documents. With respect to Projects funded through an allocation of state and/or federal low income housing tax credits, the Commission has pre-approved certain transfers as provided in the last paragraph of Section 14 of the Agreement.

9. Events of Default and Remedies{tc \l1 "9. Events of Default and Remedies}.

A. Borrower Events of Default{tc \l3 "A. Borrower Events of Default}. The occurrence of any of the following shall, after the giving of any notice and the expiration of any applicable cure period described therein, constitute an event of default by Borrower hereunder ("Event of Default"):

(1) The failure of Borrower to pay or perform any monetary covenant or obligation hereunder or under the terms of the Deed of Trust or the Agreement, without curing such failure within ten (10) days after the date such payment is due. Notwithstanding anything

herein to the contrary, the herein described cure period shall not apply to a failure by Borrower to timely repay the Loan at the Maturity Date of this Note;

(2) The failure of Borrower to perform any nonmonetary covenant or obligation hereunder or under or the Deed of Trust or the Agreement, without curing such failure within thirty (30) days after receipt of written notice of such default from the Commission (or from any party authorized by the Commission to deliver such notice as identified by the Commission in writing to Borrower) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency; provided, however, that if any default with respect to a nonmonetary obligation is such that it cannot be cured within a 30-day period, it shall be deemed cured if Borrower commences the cure within said 30-day period and diligently prosecutes such cure to completion thereafter with the cure completed in any event within 180 days after the notice. Notwithstanding anything herein to the contrary, the herein described notice cure periods shall not apply to any Event of Default described in Sections 9(A)(3) through 9(A)(8) below;

(3) The material falsity of any representation or breach of any warranty or covenant made by Borrower under the terms of this Note, the Agreement or the Deed of Trust;

(4) Borrower or any constituent member or partner, or majority shareholder, of Borrower shall (a) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of its property, (b) fail to pay or admit in writing its inability to pay its debts generally as they become due, (c) make a general assignment for the benefit of creditors, (d) be adjudicated a bankrupt or insolvent or (e) commence a voluntary case under the Federal bankruptcy laws of the United States of America or file a voluntary petition that is not withdrawn within ten (10) days of the filing thereof or answer seeking an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy or insolvency proceeding;

(5) If without the application, approval or consent of Borrower, a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, in respect of Borrower or any constituent member or partner or majority shareholder of Borrower, for an order for relief or an adjudication in bankruptcy, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of Borrower or of all or any substantial part of Borrower's assets, or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by Borrower, in good faith, the same shall (a) result in the entry of an order for relief or any such adjudication or appointment, or (b) continue undismissed, or pending and unstayed, for any period of ninety (90) consecutive days;

(6) Following completion of the construction of the Project, voluntary cessation of the operation of the Project for a continuous period of more than thirty (30) days or the involuntary cessation of the operation of the Project in accordance with this Note for a continuous period of more than sixty (60) days;

(7) Borrower shall suffer or attempt to effect a Transfer, in violation of Section 14 or Section 30 of the Agreement;

(8) Borrower shall be in default under the terms of the CC&Rs, Senior Financing, Junior Financing, Other Financing, the Supportive Services Agreement (if applicable under Section 7 of the Agreement) or any other secured or unsecured obligation relating to the Project, unless the default is cured within the cure period, if any, applicable thereto under the terms of the obligation which is in default.

B. Commission Remedies and HACOLA Remedies. Upon the occurrence of an Event of Default hereunder, the Commission may, in its sole discretion, take any one or more of the following actions:

(1) By notice to Borrower, declare the entire then unpaid principal balance of the Loan immediately due and payable, and the same shall become due and payable without further demand, protest or further notice of any kind, all of which are hereby expressly waived by Borrower. Upon such declaration, outstanding principal and (to the extent permitted by law) interest and any other sums outstanding in connection with the Loan shall thereafter bear interest at the Default Rate, payable from the date of such declaration until paid in full;

(2) Subject to the nonrecourse provisions of Section 4 above, take any and all actions and do any and all things which are allowed, permitted or provided by law, in equity or by statute, in the sole discretion of the Commission, to collect the amounts then due and thereafter to become due hereunder, to exercise its rights under the Deed of Trust, and to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Note or under any other document executed in connection herewith;

(3) Subject to the nonrecourse provisions of Section 4 above, upon the occurrence of an Event of Default, which is occasioned by Borrower's failure to pay money, whether under this Note or the Agreement, the Commission may, but shall not be obligated to, make such payment. If such payment is made by the Commission, Borrower shall deposit with the Commission, upon written demand therefor, such sum plus interest at the Default Rate. The Event of Default with respect to which any such payment has been made by the Commission shall not be deemed cured until such repayment has been made by Borrower. Until repaid, such amounts shall have the security afforded disbursements under this Note;

(4) Subject to the nonrecourse provisions of Section 4 above, upon the occurrence of an Event of Default described in Section 9(A)(4) or 9(A)(5) hereof, the Commission shall be entitled and empowered by intervention in such proceedings or otherwise to file and prove a claim for the whole amount owing and unpaid on the Loan and, in the case of commencement of any judicial proceedings, to file such proof of claim and other papers or documents as may be necessary or advisable in the judgment of the Commission and its counsel to protect the interests of the Commission and to collect and receive any monies or other property in satisfaction of its claim.

C. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Commission is intended to be exclusive of any other available remedy or remedies, but each such remedy shall be cumulative and shall be in addition to every other remedy given under this Note or now or hereafter existing at law or in equity or by statute; and may be exercised in such number, at such times and in such order as the Commission may determine in its sole discretion. No delay or omission to exercise any right or power upon the occurrence of any Event of Default hereunder shall impair any such right or power or shall be

construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient by the Commission. In order to entitle the Commission to exercise any right or remedy reserved to it under this Note, no notice shall be required except as expressly provided herein.

D. Commission Default and Borrower Remedies~~{tc \13 "D. HACOLA Default and Borrower Remedies}~~. Upon fault or failure of the Commission to meet any of its obligations under this Note without curing such failure within thirty (30) days after receipt of written notice of such failure from Borrower specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency, Borrower may, as its sole and exclusive remedies:

(1) Demand and obtain payment from the Commission of any sums due to or for the benefit of Borrower pursuant to the express terms of this Note;

(2) Bring an action in equitable relief seeking the specific performance by the Commission of the terms and conditions of this Note or seeking to enjoin any act by the Commission which is prohibited hereunder; and

(3) Bring an action for declaratory relief seeking judicial determination of the meaning of any provision of this Note.

Without limiting the generality of the foregoing, Borrower shall in no event be entitled to, and hereby waives, any right to seek consequential damages of any kind or nature from the Commission arising out of or in connection with this Note, and in connection with such waiver Borrower is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

10. Agreement to Pay Attorneys' Fees and Expenses~~{tc \11 "10. Agreement to Pay Attorneys' Fees and Expenses}~~.

In the event that either party hereto brings any action or files any proceeding in connection with the enforcement of its respective rights under this Note or any of the other Loan Documents as a consequence of any breach by the other party of its obligations hereunder or thereunder, the prevailing party in such action or proceeding shall be entitled to have its reasonable attorneys' fees and out-of-pocket expenditures paid by the losing party. The attorneys' fees so recovered shall include fees for prosecuting or defending any appeal and shall be awarded for any supplemental proceedings until the final judgment is satisfied in full. In addition to the foregoing award of attorneys' fees, the prevailing party in any lawsuit on this Note or any other Loan Document shall also be entitled to its attorneys' fees incurred in any post-judgment proceedings to collect or enforce the judgment. In addition to the foregoing, Borrower agrees to pay or reimburse the Commission, upon demand by the Commission, for all costs incurred by the Commission in connection with the enforcement of this Note, and any other Loan Document, including without limitation, reasonable attorneys' fees and costs, if there shall be filed by or against Borrower any proceedings under any federal or state bankruptcy or insolvency laws, whether the Commission is a creditor in such proceeding or otherwise.

11. Conflict of Interest; No Individual Liability{tc \l1 "11. Conflict of Interest; No Individual Liability}.

No official or employee of the Commission shall have any personal interest, direct or indirect, in this Note, nor shall any official or employee of the Commission participate in any decision relating to this Note which affects such official's or employee's pecuniary interest in any corporation, partnership or association in which such official or employee is directly or indirectly interested. No official or employee of the Commission shall be personally liable in the event of a breach of this Note by the Commission.

12. Amendments, Changes and Modifications{tc \l1 "12. Amendments, Changes and Modifications}.

This Note may not be amended, changed, modified, or altered without the prior written consent of the parties hereto.

13. Notices{tc \l1 "13. Notices}.

All notices, demands, requests, elections, approvals, disapprovals, consents or other communications given under this Note shall be in writing and shall be given by personal delivery, facsimile, certified mail (return receipt requested), or overnight guaranteed delivery service and faxed or addressed as follows:

If to Commission: Community Development Commission
 of the County of Los Angeles
 Two Coral Circle
 Monterey Park, California 91755-7425
 Attn: Executive Director
 Fax No. (323) 890-8576

With a copy to: Community Development Commission
 of the County of Los Angeles
 Two Coral Circle
 Monterey Park, California 91755-7425
 Attn: Director of Housing Development and Preservation
 Fax No. (323) 890-8576

If to Borrower: The WIN Project
 5230 Pacific Concourse Drive, Suite 200
 Los Angeles, CA 90045
 Attn: Ms. Regina Young
 Fax No. (562) 864-6409

With a copy to: _____

Attn: _____
Fax No. () _____

Notices shall be effective upon receipt, if given by personal delivery; upon receipt, if faxed, provided there is written confirmation of receipt (except that if received after 5 p.m., notice shall be deemed received on the next business day); the earlier of (i) three (3) business days after deposit with United States Mail, or (ii) the date of actual receipt as evidenced by the return receipt, if delivered by certified mail; and one (1) day after deposit with the delivery service, if delivered by overnight guaranteed delivery service. Each party shall promptly notify the other party of any change(s) of address to which notice shall be sent pursuant to this Note.

14. Severability{tc \1 "14. Severability}.

The invalidity or unenforceability of any one or more provisions of this Note will in no way affect any other provision.

15. Interpretation{tc \1 "15. Interpretation}.

Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The captions of the paragraphs of this Note are for convenience only and do not define or limit any terms or provisions. Time is of the essence in the performance of this Note by Borrower. Each Party has been represented by counsel in the negotiation of this Note, and it shall not be interpreted in favor of or against any Party on account of relative responsibilities in drafting. Notwithstanding any other provision of this Note, nothing herein or in this Note shall be deemed to require Borrower to pay interest in the amount of any applicable usury law or other legal limitation on interest, and the terms hereof and of this Note shall be interpreted to require in each instance the lesser of (i) the amount stated in this Note; and (ii) the maximum applicable legal limit. Defined terms not otherwise defined herein shall have the meaning assigned to them by the Agreement.

16. No Waiver; Consents{tc \1 "16. No Waiver; Consents}.

Any waiver by the Commission must be in writing and will not be construed as a continuing waiver. No waiver will be implied from any delay or failure by the Commission to take action on account of any default of Borrower. Consent by the Commission to any act or omission by Borrower will not be construed as consent to any other or subsequent act or omission or to waive the requirement for the Commission's consent to be obtained in any future or other instance.

17. Governing Law{tc \1 "17. Governing Law}.

This Note shall be governed by the laws of the State of California.

18. Representations, Warranties and Additional Covenants of Borrower{tc \1 "18. Representations and Warranties of Borrower}.

Borrower hereby represents, warrants and covenants to the Commission that:

A. Organization and Standing{tc \l3 "A. Organization and Standing}. Borrower is a California legal entity as described in the Transaction Summary set forth in the Agreement, duly formed, qualified to operate in California and validly existing and in good standing under all applicable laws, and has all requisite power and authority to enter into and perform its obligations under this Note, the Agreement, the Deed of Trust, the CC&Rs, and all other documents executed in connection herewith.

B. Enforceability{tc \l3 "B. Enforceability}. This Note and all other instruments to be executed by Borrower in connection with the Loan constitute the legal, valid and binding obligation of Borrower, without joinder of any other party.

C. Authorization and Consents{tc \l3 "C. Authorization and Consents}. The execution, delivery and performance of this Note and all other instruments to be executed in connection herewith is consistent with the operating agreement, partnership agreement or articles and bylaws governing Borrower and have been duly authorized by all necessary action of Borrower's members, partners, directors, officers and shareholders.

D. Due and Valid Execution{tc \l3 "D. Due and Valid Execution}. This Note and all other instruments to be executed in connection herewith, will, as of the date of their execution, have been duly and validly executed by Borrower.

E. Licenses{tc \l3 "E. Licenses}. Borrower will obtain and maintain all material licenses, permits, consents and approvals required by all applicable governmental authorities to own and operate the Project.

F. Litigation and Compliance{tc \l3 "F. Litigation and Compliance}. There are no suits, other proceedings or investigations pending or threatened against, or affecting the business or the properties of Borrower (other than those as have been previously disclosed in writing to the Commission) which could impair its ability to perform its obligations under this Note, nor is Borrower in violation of any laws or ordinances which could materially impair Borrower's ability to perform its obligations under this Note.

G. Default{tc \l3 "G. Default}. There are no facts now in existence which would, with the giving of notice or the lapse of time, or both, constitute an "Event of Default" hereunder, as described in Section 9.

H. No Violations{tc \l3 "H. No Violations}. The execution and delivery of this Note, the Agreement and all other documents executed or given thereunder, and the performances hereunder and thereunder by Borrower, as applicable, will not constitute a breach of or default under any instrument or agreement to which Borrower may be a party nor will the same constitute a breach of or violate any law or governmental regulation.

19. Approvals{tc \l1 "19. Approvals}.

Except with respect to those matters set forth hereinabove providing for the Commission's approval, consent or determination to be at the Commission's "sole discretion" or "sole and absolute discretion," the Commission hereby agrees to act reasonably with regard to any approval, consent, or other determination given by the Commission hereunder. The

Commission agrees to give Borrower written notice of its approval or disapproval following submission of items to the Commission for approval, including, in the case of any disapproved item, the reasons for such disapproval.

Any review or approval of any matter by the Commission or any Commission official or employee under this Note shall be solely for the benefit of the Commission, and neither Borrower nor any other person shall rely upon such review or approval as an indication of the wisdom, soundness, safety, appropriateness, or presence or absence of any matter. Without limiting the generality of the foregoing, Borrower and not the Commission shall be solely responsible for assuring compliance with laws, the suitability of the Site for the Project, the adequacy of the plans, and the safety of the Project construction site, the completed Project, and the operation thereof.

Any consent to a Transfer under Section 30 of the Agreement and any other consent or approval by the Commission under this Note, the Deed of Trust, the Agreement or any of the other documents executed in connection therewith, may be given by the Commission's Executive Director without action by the Commission's governing board, unless the Executive Director in his or her sole discretion elects to refer the matter to the board.

20. Good Faith and Fair Dealing to V1 "20. Good Faith and Fair Dealing).

The Commission and Borrower agree to perform all of their obligations and the actions required of each hereunder in good faith and in accordance with fair dealing.

21. Waiver.

Borrower agrees that it will still be liable for repayment of this Note, subject to the nonrecourse provision of Section 4 above, even if the holder hereof does not follow the procedures of presentment, protest, demand, diligence, notice of dishonor and of nonpayment, which requirements are hereby waived. Failure of the Commission or other holder hereof to exercise any right or remedy hereunder shall not constitute a waiver of any future or other default. No acceptance of a past due installment or indulgence granted from time to time shall be construed to be a waiver of, or to preclude the exercise of, the right to insist upon prompt payment thereafter or to impose late charges retroactively or prospectively, or to waive or preclude the exercise of any other rights which the Commission may have.

IN WITNESS WHEREOF, Borrower has executed this Note as of the date and year first above written

BORROWER:

THE WIN PROJECT,
a California non-profit public benefit corporation

By: _____
Name: Regina Young
Title: Executive Director

By: _____
Name: _____
Title: _____

EXHIBIT “G”

HOME CONSTRUCTION DEED OF TRUST

EXHIBIT "G" TO LOAN AGREEMENT

DEED OF TRUST

OFFICIAL BUSINESS

Document entitled to free
recording per Govt. Code
Section 6103.

Recording Requested by and
When Recorded Mail To:

COMMUNITY DEVELOPMENT
COMMISSION OF THE COUNTY
OF LOS ANGELES
2 Coral Circle
Monterey Park, CA 91755-7425
Attn.: Director of Housing
Development and Preservation

Above Space For Recorder's Use Only

DEED OF TRUST, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("Deed of Trust") is made as of _____, 2003, by and between THE WIN PROJECT, a California non-profit public benefit corporation ("Trustor") whose address is 5230 Pacific Concourse Drive, Suite 200, Los Angeles, California 90045; North American Title Insurance Company of California, Inc. ("Trustee"); and the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("Beneficiary").

RECITALS

A. Beneficiary is making a loan to Trustor in the original principal amount of up to ONE HUNDRED FIFTY SIX THOUSAND TWO HUNDRED SEVENTY Dollars (\$156,270) (the "Loan") pursuant to that certain Disposition and Development Agreement (the "Agreement") entered into by Trustor and Beneficiary and dated as of _____, 2003. The Loan is evidenced by a promissory note of even date herewith executed by Trustor (the "Note") in the principal amount of the Loan.

B. Trustor intends to use the Loan proceeds for the purpose of providing financing for the housing development described in the Loan Agreement (the "Project"). The Project will be developed on a site legally described on Attachment "1" to this Deed of Trust (the "Property").

NOW THEREFORE, in consideration of the Loan, Trustor hereby irrevocably grants, conveys, transfers and assigns to Trustee, its successors and assigns, in trust, with power of sale and right of entry and possession as provided below all of its present and future estate, right, title and interest in and to the Property, together with all right, title and interest of Trustor therein and in and to, and grants to Beneficiary a security interest in, the following:

(A) All development rights, air rights, water, water rights, and water stock relating to the Property.

(B) All present and future structures, buildings, improvements, appurtenances and fixtures of any kind on the Property, including but not limited to all apparatus, attached equipment and appliances used in connection with the operation or occupancy of the Property, such as heating and air-conditioning systems and facilities used to provide any utility services, ventilation, vehicular cleaning, storage or other services on the Property, and all signage, carpeting and floor coverings, partitions, generators, screens, awnings, boilers, furnaces, pipes, plumbing, vacuum systems, brushes, blowers, cleaning, call and sprinkler systems, fire extinguishing apparatus and equipment, water tanks, heating, ventilating, air conditioning and air cooling equipment, and gas and electric machinery and equipment, it being intended and agreed that all such items will be conclusively considered to be a part of the Property conveyed by this Deed of Trust, whether or not attached or affixed to the Property.

(C) All appurtenances of the Property and all rights of Trustor in and to any streets, roads or public places, easements or rights of way, relating to the Property.

(D) All of the rents, royalties, profits and income related to the Property, to the extent not prohibited by any applicable law.

(E) All proceeds and claims arising on account of any damage to or taking of the Property and all causes of action and recoveries for any loss or diminution in value of the Property.

(F) All existing and future goods, inventory, equipment and all other personal property of any nature whatsoever now or hereafter located on the Property which are now or in the future owned by Trustor and used in the operation or occupancy of the Property or in any construction on the Property but which are not effectively made real property under Clause (B) above, including but not limited to all appliances, furniture and furnishings, building service equipment,

and building materials, supplies, equipment, machinery, plumbing and plumbing material and supplies, concrete, lumber, hardware, electrical wiring and electrical material and supplies, roofing material and supplies, doors, paint, drywall, insulation, cabinets, ceramic material and supplies, flooring, attached appliances, fencing, landscaping and all other materials, supplies and property of every kind and nature.

(G) All present and future accounts, general intangibles, chattel paper, contract rights, deposit accounts, instruments and documents as those terms are defined in the California Uniform Commercial Code, now or hereafter relating or arising with respect to the Property and/or the use thereof or any improvements thereto, including without limitation: (i) all rights to the payment of money, including escrow proceeds arising out of the sale or other disposition of all or any portion of the estate of Trustor upon the Property now or hereafter existing thereon; (ii) all plans, specifications and drawings relating to the development of the Property and/or any construction thereon; (iii) all use permits, licenses, occupancy permits, construction and building permits, and all other permits and approvals required by any governmental or quasi-governmental authority in connection with the development, construction, use, occupancy or operation of the Property; (iv) any and all agreements relating to the development, construction, use, occupancy and/or operation of the Property between Trustor and any contractor, subcontractor, project manager or supervisor, architect, engineer, laborer or supplier of materials; (v) all lease or rental agreements; (vi) all names under which the Property is now or hereafter operated or known and all rights to carry on business under any such names or any variant thereof; (vii) all trademarks relating to the Property and/or the development, construction, use, occupancy or operation thereof; (viii) all goodwill relating to the Property and/or the development, construction, use, occupancy or operation thereof; (ix) all reserves, deferred payments, deposits, refunds, cost savings, bonds, insurance policies and payments of any kind relating to the Property; (x) all loan commitments issued to Trustor in connection with any sale or financing of the Property; (xi) all funds deposited with Beneficiary by Trustor, and all accounts of Trustor with Beneficiary, including all accounts containing security deposits and prepaid rents paid to Trustor in connection with any leases of the Property, and all proceeds thereof; and (xii) all supplements, modifications and amendments to the foregoing.

(H) All of the right, title and interest of Trustor in and to all sales contracts of any nature whatsoever now or hereafter executed covering any portion of the Property, together with all deposits or other payments made in connection therewith.

(I) All of the right, title and interest of Trustor in and to any construction contracts, plans and specifications, building permits, and all other documents necessary for completion of the improvements to the construction of the Property.

(J) All water stock relating to the Property, all shares of stock or other evidence of ownership of any part of the Property that is owned by Trustor in common with others, and all documents of membership in any owner's or members' association or similar group having responsibility for managing or operating any part of the Property.

Trustor does hereby covenant with Trustee and Beneficiary, that Trustor has good right to bargain, sell and convey Trustor's interest in the Property in manner and form as above written; and Trustor warrants and will defend same to Beneficiary, forever, against all lawful claims and demands whatsoever except as stated above.

THIS DEED OF TRUST IS FOR THE PURPOSE OF SECURING:

(1) performance of each agreement of Trustor herein contained or incorporated herein by reference;

(2) payment of the indebtedness (including, without limitation, interest thereon) evidenced by the Note, and any extension or renewal or modification thereof;

(3) performance of each agreement of Trustor contained in the Loan Agreement, or any of the other "Loan Documents" (as defined in the Loan Agreement), and any extension, renewal or modification of such Loan Agreement and other Loan Documents;

TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR HEREBY COVENANTS AND AGREES AS FOLLOWS:

1. Payment of Secured Obligations. To pay when due (a) the principal of, and the interest on, the indebtedness evidenced by the Note, (b) charges, fees and all other sums as provided in the Loan Agreement, and (c) the principal of, and interest on, any future advances secured by this Deed of Trust.

2. Maintenance, Repair, Alterations. To keep the Property in good condition and repair; to complete promptly and in a good and workmanlike manner all buildings and other improvements to be constructed on the Property, including specifically all buildings and improvements described in the Loan Agreement, and promptly restore in like manner any structure that may be damaged or destroyed thereon; to pay when due all claims for labor performed and materials furnished therefor, to comply with all laws, ordinances, regulations, covenants, conditions and restrictions now or hereafter affecting the Property or any part thereof or requiring any alterations or improvements thereon; not to commit or permit any waste or deterioration of the Property; to keep and maintain abutting grounds, sidewalks, roads, parking and landscape areas in good and neat order and repair; not to commit, suffer or permit, to the extent Trustor is able by the exercise of commercially reasonable best efforts, any act to be done in or upon the Property in violation of any law, ordinance or regulation.

3. Insurance. To provide, maintain at its expense and deliver to Beneficiary at all times until payment in full of all obligations secured hereby, insurance as required by the Loan Agreement or the Note. In the event of any loss or damage, Trustor shall give immediate notice thereof to Beneficiary, and Beneficiary may thereupon make proof of such loss or damage, if the same is not promptly made by Trustor. Trustor and Beneficiary hereby agree to cooperate in making any adjustment and compromise of any loss covered by the aforementioned insurance policies upon the Property, and Trustor authorizes and empowers Beneficiary, at its option, to collect and receive the proceeds, and endorse checks and drafts issued therefor. Beneficiary agrees that in the event of any loss covered by insurance policies on the Property subject to this Deed of Trust, provided there is not then existing any material default (or such existing default will be cured by the proceeds of such insurance) in the observance or performance of any of the covenants and agreements contained herein or in the Note or any future notes secured hereby, or in any other agreement with or for the benefit of the Beneficiary in connection with any indebtedness secured hereby, the proceeds of such insurance shall be used for the repair or restoration of the Property and will be disbursed in accordance with such protective terms and conditions as Beneficiary may reasonably impose.

Trustor hereby fully assigns to Beneficiary all current and future claims it may have under any policy of insurance related to the Property or the Project, regardless of whether such insurance was required to be maintained under the Loan Documents. Any and all unexpired insurance shall inure to the benefit of and pass to the purchaser of the Property at any foreclosure sale, or any Trustee's sale held pursuant hereto.

Further, Beneficiary may at the time in its sole discretion require Trustor to submit satisfactory evidence of insurance policies obtained pursuant to this Paragraph 3 and of Trustor's compliance with all the provisions of said policies.

4. Lawsuits. To appear in and defend, or otherwise take such action therein as the Beneficiary and Trustee or either of them may deem advisable with respect to, any action or proceeding affecting the security for the Loan in which Beneficiary or Trustee may appear.

5. Beneficiary Statement. To pay all charges for all court costs and expenses which Beneficiary may elect to advance in order to keep unimpaired, protect, and preserve the title thereto; and to pay for any statement provided for by law in effect at the date hereof regarding the obligations secured hereby, any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

6. Condemnation. That all judgments, awards of damages and settlements, hereafter made as a result of or in lieu of any condemnation or other proceedings for public use of, or for any damage to, the Property or the improvements thereon, are hereby assigned to Beneficiary. If (i) Trustor is not then in material default hereunder (or such default will be cured with the proceeds from the foregoing), and (ii) the taking is a partial taking, all proceeds thereof shall be applied to restoring the Property, if practicable, as reasonably determined by Beneficiary. In the event (i) Trustor is then in material default hereunder (and such default will not be cured with the proceeds of the foregoing), (ii) the taking is a total taking, or (iii) the taking is a partial taking and Beneficiary has reasonably determined that restoration of the Property is not practicable, the proceeds shall be paid to Beneficiary to the extent of those monies due and owing under the Note, this Deed of Trust, future notes or future deeds of trust, and Beneficiary is hereby authorized to receive such monies. Trustor agrees to execute such further assignments of any such award, judgment or settlement which may be received by Trustor. Subject to any prior rights of creditors under the Senior Financing (as defined in the Loan Agreement), Beneficiary may apply any and all such sums to the indebtedness secured hereby in such manner as it elects or, at its option, the entire amount so received by it or any part thereof may be released. Neither the application nor the release of any such sums shall cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

7. Permitted Acts of Beneficiary. That without affecting the liability of any person, including Trustor (other than any person released pursuant hereto), for the payment of any indebtedness secured hereby, Beneficiary is authorized and empowered as follows: Beneficiary may at any time, and from time to time, either before or after the maturity of the obligations secured hereby, and without notice (a) release any person liable for the payment of any of the indebtedness, (b) make any agreement extending the time or otherwise altering the terms of payment of any of the indebtedness, (c) accept additional security therefor of any kind, or (d) release any property, real or personal, securing the indebtedness.

8. Reconveyance of Property. That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and the Note to Trustee for cancellation and retention, and upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held hereunder. The recitals in such reconveyance of any matters of fact shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

9. Default and Trustee's Sale. That upon the occurrence of an "Event of Default" under this Deed of Trust (as defined in Section 18 below) Beneficiary may declare all principal remaining unpaid, all interest then earned and remaining unpaid, and all sums other than principal or interest secured hereby, immediately due and payable (and thenceforth at the option of the Beneficiary and except as otherwise prohibited by law, the entire balance of the unpaid principal shall thereafter bear interest at the Default Rate of interest per annum set forth in the Note until paid) and may proceed to exercise the power of sale granted by this Deed of Trust by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said Property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust, the Note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the Property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: first, all sums expended by the Beneficiary under the terms hereof or under the Note, not then repaid, with accrued interest at the Deferral Rate; second, all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

10. Substitute Trustees. Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the Office of the Recorder of the County of Los Angeles, and by otherwise complying with the provisions of California Civil Code Section 2934a, or any successor section, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, right, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed of Trust is recorded and the name and address of the new Trustee.

11. Successors Bound. That this Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, assigns, trustees and receivers. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

12. Evidence of Title. That if, because of any default hereunder, or because of the filing or contemplated filing of any legal proceedings affecting the Property, Beneficiary deems it necessary to obtain an additional evidence of title or to cure any defect in title, Beneficiary may procure such evidence or cure such defect, pay the cost thereof, and shall have an immediate claim against Trustor therefor, together with a lien upon the Property for the amount so paid, with interest at the Deferral Rate. Beneficiary is further authorized to require an appraisal of the Property at any time that Beneficiary may reasonably request.

13. Default in Other Instruments; Bankruptcy. That default in the terms of any other instrument securing the debt secured hereby, and/or the filing or other commencement of any bankruptcy or insolvency proceedings including any assignment for the benefit of creditors or other proceedings intended to liquidate or rehabilitate, by, for or against Trustor shall after any applicable notice and cure period constitute default under this Deed of Trust.

14. Statute of Limitations. That the pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived by the Trustor, to the full extent permissible by law.

15. Severability. That the invalidity of any one or more covenants, phrases, clauses, sentences, paragraphs or sections of this Deed of Trust shall not affect the remaining portions of this Deed of Trust or any part hereof and this Deed of Trust shall be constructed as if such invalid covenants, phrases, sentences, paragraphs or sections, if any, had not been inserted herein.

16. Order of Application. That if the indebtedness secured hereby is now or hereafter becomes further secured by a security agreement, deed of trust, pledge, contract of guaranty or other additional securities, Beneficiary may to the full extent allowed by law, at its option, exhaust any one or more of said securities as well as the security hereunder, either concurrently or independently and in such order as it may determine, and may apply the proceeds received upon the indebtedness secured hereby without affecting the status of, or waiving any right to exhaust all or any other security including the security thereunder and without waiving any breach or default in any right or power, whether exercised hereunder or contained herein, or in any such other security.

17. Covenants of Trustor.

(a) Audit by State and Federal Agencies. In the event the Loan is subjected to audit, monitoring or other inspections by appropriate state and federal agencies, Trustor shall comply with such inspections and pay, on behalf of itself and Beneficiary, the full amount of the cost to the inspecting agency of such inspections (unless such inspection and any resulting liability arises solely from the gross negligence or willful misconduct of Beneficiary).

(b) Program Evaluation and Review Trustor shall allow Beneficiary's authorized personnel to inspect and monitor its facilities and program operations as they relate to the Project or the Loan Agreement, including the interview of Trustor's staff, tenants, and other program participants, as reasonably required by Beneficiary during the term of the Loan.

18. Default. The Trustor shall be in default under this Deed of Trust upon any of the following events which, if not cured within the applicable cure period provided, if any, shall constitute an event of default hereunder ("Event of Default"):

a. The failure of Trustor to pay or perform any monetary covenant or obligation hereunder or under the terms of the Note, the Loan Agreement or any other documents executed in connection therewith, without curing such failure within ten (10) days the date such payment is due. Notwithstanding anything herein to the contrary, the herein described cure period shall not apply to a failure by Trustor to timely repay the Loan at the Maturity Date of the Note;

b. The failure of Trustor to perform any nonmonetary covenant or obligation hereunder or under the terms of the Loan Agreement, the Note or any other documents executed in connection therewith, without curing such failure within thirty (30) days after receipt of written notice of such default from Beneficiary (or from any party authorized by Beneficiary to deliver such notice as identified by Beneficiary in writing to Trustor) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency; provided, however, that if any default with respect to a nonmonetary obligation is such that it cannot be cured within a 30-day period, it shall be deemed cured if Trustor commences the cure within said 30-day period and diligently prosecutes such cure to completion thereafter. Notwithstanding anything herein to the contrary, the herein described notice requirements and cure periods shall not apply to any Event of Default described in Sections 18(c) through 18(h) below;

c. The material falsity of any representation or breach of any warranty or covenant made by Trustor under the terms of this Deed of Trust, the Note, the Loan Agreement or any other document executed in connection therewith;

d. Trustor or any constituent member or partner, or majority shareholder, of Trustor shall (a) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of its property, (b) fail to pay or admit in writing its inability to pay its debts generally as they become due, (c) make a general assignment for the benefit of creditors, (d) be adjudicated a bankrupt or insolvent or (e) commence a voluntary case under the Federal bankruptcy laws of the United States of America or file a voluntary petition that is not withdrawn within ten (10) days of the filing thereof or answer seeking an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy or insolvency proceeding;

e. If without the application, approval or consent of Trustor, a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, in respect of Trustor or any constituent member or partner, or majority shareholder, of Trustor, for an order for relief or an adjudication in bankruptcy, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or

custodian or the like of Trustor or of all or any substantial part of Trustor's assets, or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by Trustor, in good faith, the same shall (a) result in the entry of an order for relief or any such adjudication or appointment, or (b) continue undismissed, or pending and unstayed, for any period of ninety (90) consecutive days;

f. Trustor shall suffer or attempt to effect a "Transfer" (as defined in Section 33 below) other than in full compliance with the terms of this Deed of Trust (or otherwise in violation of Section 14 or 30 of the Loan Agreement);

g. Trustor shall be in default under the CC&Rs, the Senior Financing, any Junior Financing or Other Financing (as all these terms are defined in the Loan Agreement), the Supportive Services Agreement (as defined in, and if applicable under, Section 7 of the Loan Agreement) or any other secured or unsecured obligation relating to the Project, unless the default is cured or waived within the cure period, if any, applicable thereto under the terms of the obligation which is in default; or

h. Following completion of the construction of the Project, voluntary cessation of the operation of the Project for a continuous period of more than thirty (30) days or the involuntary cessation of the operation of the Project in accordance with this Deed of Trust for a continuous period of more than sixty (60) days.

19. Acceleration. The entire principal and all accrued and unpaid interest on the Note shall be due and payable as therein set forth; provided, however, that the entire balance of the outstanding principal and all accrued and unpaid interest on the Note, together with any outstanding interest and other amounts payable thereunder, shall, at the election of Beneficiary and upon notice to Trustor thereof (except in the case of default described in Section 18 (c) or (d) , in which case no notice shall be required), become immediately due and payable upon any Event of Default as set forth in the Note, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Trustor.

20. Breach by Trustor. Cure by Beneficiary or Trustee. In the event of Trustor's failure to comply with any or all of the promises and agreements set forth in this Deed of Trust or to make any payment or to do any act as provided in this Deed of Trust, then Beneficiary or Trustee, but without obligation to do so and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either in its sole judgment may deem necessary to protect the security hereof (including, without limitation, to procure insurance and pay the premiums therefor; to pay unpaid water rents, sewer service charges, and other governmental or municipal charges and rates, and all or any part of the unpaid taxes, assessments, and reassessments, if in its judgment the same are just and valid; to pay the cost of appraisals, reappraisals, and extensions of title; to enter or have its agents enter upon the Property whenever reasonably necessary for the purpose of inspecting the Property or making repairs or installations as it deems necessary to preserve the Property or to protect the same from vandalism, without thereby becoming liable as a trespasser or mortgagee or beneficiary in possession, and to pay for such repairs and installations). Beneficiary and Trustee are hereby authorized to enter upon the Property for such purposes; to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; to pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, to pay necessary

expenses, employ counsel of its choice and pay the reasonable fees of such counsel. Trustor agrees to pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from the date of expenditure at the amount allowed by law in effect at the date hereof, and that Beneficiary shall have a lien upon the Property for the sums so expended and such interest thereon.

21. Security Agreement. That all property covered by this Deed of Trust be deemed to constitute real property or interests in real property to the maximum extent permitted under applicable law. To the extent that any tangible property, equipment or other property covered by this Deed of Trust constitutes personal property, such personal property shall constitute additional security. This Deed of Trust shall create in Beneficiary a security interest in such personal property and shall in respect thereof constitute a security agreement (the "Security Agreement"). Beneficiary shall be entitled to all of the rights and remedies in respect of any personal property included in the Property covered by this Deed of Trust afforded a secured party under the Uniform Commercial Code and other applicable law. At Beneficiary's request Trustor will at any time and from time to time furnish Beneficiary for filing financing statements signed by Trustor in form satisfactory to Beneficiary. Trustor acknowledges and agrees that thirty (30) days' notice as to the time, place and date of any proposed sale of any personal property shall be deemed reasonable for all purposes. Trustor agrees that the Security Agreement created hereby shall survive the termination or reconveyance of this Deed of Trust unless Beneficiary executes documentation expressly terminating the Security Agreement.

22. Assumption of Liability. Except as provided in Section 33, the assumption of liability for the payment of the indebtedness hereby secured, by any successor in interest to Trustor in the Property (in the event Beneficiary elects not to accelerate the repayment of the Loan pursuant to any transfer or disposition of the Property by operation of law or otherwise) shall not release Trustor from any liability Trustor has hereunder or under the other Loan Documents for the payment of such indebtedness or any sums advanced under and secured by this Deed of Trust. Any forbearance or indulgence of Beneficiary, or extensions of time for the payment of all or any part of the indebtedness secured hereby, or the release of a part of the Property from the lien of this Deed of Trust, for, or without, payment of a consideration, shall not in any manner diminish or reduce the liability of Trustor (subject to the nonrecourse provisions of Section 27) for the payment of the indebtedness now or hereafter secured hereby; and that any payments made upon the said indebtedness shall be deemed to have been made on behalf and for the benefit of all parties obligated to pay the same. The acceptance of payments in excess of the installments provided to be paid upon the Note or the consideration paid for any such release shall not alter or diminish the obligation of Trustor to thereafter make payments in the amounts and on the dates provided therein, until the same are fully paid.

23. Future Advances. That upon the request of the Trustor or its successor in ownership of the Property, Beneficiary may, at its option, at any time before full payment of the Note secured hereby, make further advances to the Trustor or its successors in ownership, and the same, with interest and late charges as permitted by law, shall be secured by this Deed of Trust; and provided further that if Beneficiary, at its option, shall make a further advance or advances as aforesaid, the Trustor or its successors in ownership agree to execute and deliver to Beneficiary a note to evidence the same, payable on or before the maturity of the indebtedness under the Note secured hereby and bearing such other terms as Beneficiary shall require.

Trustor further acknowledges and agrees: that this Deed of Trust is intended to, and shall, secure not only the original indebtedness under the Note, but any and all future advances made by Beneficiary to Trustor; that this Deed of Trust shall secure any unpaid balances of advances made with respect to the Property; that Beneficiary shall have the benefit of all statutes now existing or henceforth enacted to assure repayment of any such future advances plus interest thereon; that to secure the payment of said original indebtedness and future advances Beneficiary shall also have a lien upon all other personal property and securities now or hereafter in its possession belonging to Trustor; that all rights, powers and remedies conferred upon Beneficiary herein are in addition to each and every other right which Beneficiary has hereunder; that all rights, powers and remedies conferred upon Beneficiary in equity or by law may be enforced concurrently therewith; that Beneficiary shall be subrogated to the rights and seniority of any prior lien paid or released by reason of the application thereon of any of the proceeds hereof, and that each and all of the covenants, agreements, and provisions hereof shall bind the respective heirs, executors, administrators, successors, and assigns of Trustor and Beneficiary herein, and all others who subsequently acquire any right, title, or interest in the Property, or to this Deed of Trust and the indebtedness secured hereby.

24. Captions. That the captions of the sections of this Deed of Trust are for convenience only and shall not be considered in resolving questions of interpretation or construction.

25. Estoppel Certificates. That Trustor shall from time to time at Beneficiary's request furnish Beneficiary or any person designated by Beneficiary, a certified statement in form reasonably satisfactory to Beneficiary confirming as of the date of the certificate the unpaid principal balance and accrued interest on the Note and stating that Trustor is not in default hereunder (or describing any default), and stating that Trustor has no defense, right of set off or counterclaim in the payment of the indebtedness, or any part thereof, or the observance or performance of any obligation (or describing any such defense, set off or counterclaim). Any purchaser or assignee of the Note or this Deed of Trust or any interest therein may rely on such certificate.

26. Books and Records. That Trustor and all subsequent owners of the Property, if any, shall keep and maintain full and correct books and records showing in detail the earnings and expenses of the Property and shall permit Beneficiary at no expense to Trustor or its representatives to examine such books and records and all supporting data and vouchers, from time to time at reasonable times, on request, at Trustor's offices or at another mutually agreed upon location.

27. Obligation Nonrecourse. Except to the extent any Event of Default hereunder results directly or indirectly from any fraud or intentional and material misrepresentation by Borrower in connection with the Loan, the Loan is a nonrecourse obligation of Trustor and in the event of the occurrence of an Event of Default, Beneficiary's only recourse under this Deed of Trust shall be against the Property, the proceeds thereof, the rents and other income arising from its use and occupancy as provided in the Deed of Trust, and any other collateral given to Beneficiary as security for repayment of the Loan.

28. Fixture Filing. This Deed of Trust is also a fixture filing with respect to the personal property which is or is to become fixtures on the Property, and is to be recorded in the real property records of Los Angeles County, California.

29. Assignment of Rents. All of the existing and future rents, royalties, income, and profits of the Property that arise from its use or occupancy are hereby absolutely and presently assigned to Beneficiary. However, until Trustor is in default under this Deed of Trust, Trustor will have a license to collect and receive those rents, royalties, income and profits. Upon any Event of Default by Trustor, Beneficiary may terminate Trustor's license in its discretion, at any time, without notice to Trustor, and may thereafter collect the rents, royalties, income and profits itself or by an agent or receiver. No action taken by Beneficiary to collect any rents, royalties, income or profits will make Beneficiary a "mortgagee-in-possession" of the Property, unless Beneficiary personally or by agent enters into actual possession of the Property. Possession by a court-appointed receiver will not be considered possession by Beneficiary. All rents, royalties, income and profits collected by Beneficiary or a receiver will be applied first to pay all expenses of collection, and then to the payment of all costs of operation and management of the Property, and then to the payment of the indebtedness and obligations secured by the Deed of Trust in whatever order Beneficiary directs in its absolute discretion and without regard to the adequacy of its security. If required by Beneficiary, each lease or occupancy agreement affecting any of the Property must provide, in a manner approved by Beneficiary, that the tenant will recognize as its lessor any person succeeding to the interest of Trustor upon any foreclosure of this Deed of Trust. The expenses (including receivers' fees, if any, compensation to any agent appointed by Beneficiary, counsel fees, costs and compensation to any agent appointed by Beneficiary, and disbursements) incurred in taking possession and making such collection, shall be deemed a portion of the expense of this trust. The entering upon and taking possession of the Property, and/or the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. Beneficiary may exercise any one or more of the remedies in this section without waiving its right to exercise any such remedies again or for the first time in the future. The foregoing shall be subject to the provisions of applicable law.

30. Applicable Law. This Deed of Trust shall be governed by, and construed in accordance with, the laws of the State of California.

31. Approvals. Except with respect to those matters set forth hereinabove providing for the Beneficiary's approval, consent or determination to be at the Beneficiary's "sole discretion" or "sole and absolute discretion," the Beneficiary hereby agrees to act reasonably with regard to any approval, consent, or other determination given by the Beneficiary hereunder. The Beneficiary agrees to give Trustor written notice of its approval or disapproval following submission of items to the Beneficiary for approval, including, in the case of any disapproved item, the reasons for such disapproval. Any consent to a transfer under Section 33 of this Deed of Trust, and any other consent or approval by Beneficiary under this Deed of Trust or any of the other Loan Documents, may be given by Beneficiary's Executive Director without action of Beneficiary's governing board unless the Executive Director in his or her sole discretion elects to refer the matter to the board.

32. Good Faith and Fair Dealing. The Beneficiary and Trustor agree to perform all of their obligations and the actions required of each hereunder in good faith and in accordance with fair dealing.

33. Assignment of Interest.

a. Without the prior written approval of the Beneficiary, which approval the Beneficiary may withhold in its sole and absolute discretion, Trustor shall not (i) sell, encumber, assign or otherwise transfer (collectively, "Transfer") all or any portion of its interest in the Property or the Project (excluding tenant leases pursuant to the terms of the Loan Agreement), (ii) permit the Transfer of greater than 49% of its ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis, or (iii) Transfer any of its rights or obligations under the Loan Documents. Notwithstanding the foregoing, Beneficiary consents to the events described in the last paragraph of Section 14.0 of the Loan Agreement without Trustor obtaining any further consent of Beneficiary. Trustor hereby agrees that any purported Transfer not approved by the Beneficiary as required herein shall be ipso facto null and void, and no voluntary or involuntary successor to any interest of Trustor under such a proscribed Transfer shall acquire any rights pursuant to the Loan Agreement or this Deed of Trust.

b. At any time Trustor desires to effect a Transfer hereunder, Trustor shall notify the Beneficiary in writing (the "Transfer Notice") and shall submit to the Beneficiary for its prior written approval (i) all proposed agreements and documents (collectively, the "Transfer Documents") memorializing, facilitating, evidencing and/or relating to the circumstances surrounding such proposed Transfer, and (ii) a certificate setting forth representations and warranties by Trustor and the proposed transferee to the Beneficiary sufficient to establish and ensure that all requirements of this Section 33 have been and will be met. No Transfer Documents shall be approved by the Beneficiary unless they expressly provide for the assumption by the proposed transferee of all of Trustor's obligations under the Loan Documents. The Transfer Notice shall include a request that the Beneficiary consent to the proposed Transfer and shall also include a request that Trustor be released from further obligations under the Loan Documents. The Beneficiary agrees to make its decision on Trustor's request for consent to such Transfer, as promptly as possible, and, in any event, not later than thirty (30) days after the Beneficiary receives the last of the items required by this Section 33. In the event the Beneficiary consents to a proposed Transfer, then such Transfer shall not be effective unless and until the Beneficiary receives copies of all executed and binding Transfer Documents which Transfer Documents shall conform with the proposed Transfer Documents originally submitted by Trustor to the Beneficiary. From and after the effective date of any such Transfer, Trustor shall be released from its obligations under this Deed of Trust and the other Loan Documents accruing subsequent to such effective date.

c. Notwithstanding anything in this Deed of Trust to the contrary, Trustor agrees that it shall not be permitted to make any Transfer, whether or not the Beneficiary consent is required therefor and even if the Beneficiary has consented thereto, if there exists an Event of Default under this Deed of Trust at the time the Transfer Notice is tendered to the Beneficiary or at any time thereafter until such Transfer is to be effective.

d. The provisions of this Section 33 shall apply to each successive Transfer and proposed transferee in the same manner as initially applicable to Trustor under the terms set forth herein.

IN WITNESS WHEREOF, the undersigned have executed this Deed of Trust as of the date first above written.

TRUSTOR:

THE WIN PROJECT, a California non-profit public benefit corporation

By: _____

Its: Executive Director

By: _____

Its: _____

BENEFICIARY:

COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic

By: _____
Executive Director

APPROVED AS TO FORM:

Lloyd W. Pellman, County Counsel

By: _____
Deputy

On _____ before me, _____,
Notary _____ Public, _____ personally _____ appeared
_____, personally known to me (or
proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the
same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the
instrument.

Signature

On _____ before me, _____,
Notary _____ Public, _____ personally _____ appeared
_____, personally known to me (or
proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the
same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the
instrument.

Signature

ATTACHMENT 1

LEGAL DESCRIPTION OF PROPERTY

Lot 24 in Block 9 of Tract No. 5018, in the County of Los Angeles, State of California, as per map recorded in Book 54 page(s) 21 of Maps, in the Office of the County Recorder of said county.

EXHIBIT "H"

SCHEDULE OF PERFORMANCE

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| 1. <u>Execution and Delivery of Agreement by Developer.</u> The Developer shall execute and deliver this Agreement to the Commission. | Not later than 5 days after receipt of this Agreement by Developer for execution. |
| 2. <u>Execution of Agreement by Commission.</u> The Board of Commissioners shall authorize execution of this Agreement. Commission will deliver a copy of the executed Agreement to the Developer. | Following approval by the Board of Commissioners. |
| 3. <u>Submission of Final Construction Plans, Drawings, Landscaping Plans, and Contract.</u> The Developer shall prepare and submit to the Commission for review and approval Final Construction Plans, Drawings, Final Landscaping Plans, and a Construction Contract for the Site's development. | No later than 30 days following execution of this Agreement. |
| 4. <u>Approval – Final Construction Plans, Drawings, Landscaping Plans, and Contract.</u> The Commission shall approve or disapprove the Developer's Final Construction Plans, Drawings, Landscaping Plans, and Construction Contract for the Site. | Within 21 days after receipt thereof by the Commission. |
| 5. <u>Submission of Certificates of Insurance.</u> The Developer shall furnish to the Commission appropriate certificates of insurance policies. | Prior to the date set forth herein for the commencement of the Developer Improvements. |
| 6. <u>Governmental Permits.</u> The Developer shall obtain any and all permits required by the County or any other governmental agency. | Prior to the date set forth herein for the commencement of the Developer Improvements. |
| 7. <u>Submission of Security Plan and Marketing Plan.</u> The Developer shall submit to the Commission, in a form acceptable to the Commission, a plan for the security of the | Prior to the date set forth herein for the commencement of the Developer Improvements. |

Site during and after construction, and a plan for the marketing and sale of the Assisted Unit, to include a resume for the marketing/sales agent.

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| 8. <u>Commencement of Construction of Developer Improvements.</u> The Developer shall commence construction of the Developer Improvements. | Commencement of construction shall not be later than 90 days after the date of execution of the Development Agreement. |
| 9. <u>Conveyance of the Site to the Developer.</u> The Commission shall convey title to the Site to the Developer. | Within ten days of Commission's verification that all work specified under the CDBG Infrastructure Grant has been completed. |
| 10. <u>Identification of Qualified Homebuyers.</u> Developer shall identify at least two qualified homebuyers for the Assisted Unit. | At least 30 days before completion of Developer Improvements. |
| 11. <u>Completion of Construction of Developer Improvements.</u> Developer shall complete construction of the Developer Improvements. | Within 180 days after commencement thereof by the Developer. |
| 12. <u>Issuance of Certificate of Completion.</u> The Commission shall furnish the Developer with a Certificate of Completion. | Promptly after completion of all construction required to be completed by the Developer on the Site and upon written request therefore by the Developer. |
| 13. <u>Sale of Assisted Unit to a Qualified Buyer.</u> Developer shall complete close of escrow of the Assisted Unit to a Qualified Homebuyer. | Within 60 days after completion of Developer Improvements. |

EXHIBIT “I”

GRANT DEED

FREE RECORDING REQUESTED BY:
Community Development Commission
of the County of Los Angeles
(California Government Code Section 6106)

AFTER RECORDING, MAIL TO:
The WIN Project
5230 Pacific Concourse Drive, Suite 200
Los Angeles, CA 90045
Attn: Regina Young, Executive Director

SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY

GRANT DEED
WITH USE, AFFORDABILITY RESTRICTIONS AND RESALE CONTROLS

The COMMUNITY DEVELOPMENT COMMISSION of the COUNTY OF LOS ANGELES, a body corporate and politic (Commission or Grantor), does hereby grant to THE WIN PROJECT, a California non-profit public benefit corporation (Grantee) all that real property in the unincorporated Willowbrook area of the County of Los Angeles, State of California, described in Attachment "1".

100 TITLE

The Title to the Property is conveyed pursuant hereto subject to recorded liens, encumbrances, covenants, encroachments, assessments, easements, and taxes, except as are consistent with this Grant Deed.

101 RESTRICTIVE COVENANTS AS PART OF CONVEYANCE

It is expressly made a condition herein that the conveyed property be used exclusively for affordable housing for low-income persons, a public purpose, for a minimum period of thirty (30) continuous years of use from the date of recordation of each transfer of the property to a low-income person; that if said property ceases to be used exclusively for affordable housing as the public purpose and in a manner stated below during the thirty (30) year "Affordability Period", said event shall constitute an event of default.

The following shall further define and memorialize the covenants, conditions and restrictions to carry out the public purpose concerning the sales price, the use of Property, income restrictions, conveyance and transfer of this Property during the Affordability Period.

200 GENERAL AFFORDABILITY COVENANT AND TERM

The purpose of this "Affordability Covenant" is to meet or exceed the regulations promulgated by the U.S. Department of Housing and Urban Development (HUD) for the

use of Community Development Block Grant (CDBG) funds and HOME Investment Partnerships Program (HOME) Funds allocated to the Commission and utilized to acquire this property as part of the Commission's public purpose. This property shall have a minimum "Affordability Period" of thirty (30) continuous years of use by the same grantee noted above and any sale or transfer shall start said Affordability Period over to any new qualified low-income homebuyer(s).

If, however, any successor in interest remains in continuous occupancy in their property and has not transferred title for a thirty (30) year period, all restrictions under the Affordability Covenant shall have no further force and effect. The Commission shall release any and all interest, as the public purpose will have been served and the conditions, covenants and restrictions related to the public purpose of Affordable Housing shall be removed from this Grant Deed and the property by the Commission.

201 ASSIGNMENT OF AFFORDABILITY

Grantee covenants and agrees for itself, its successors, its assignees, and every successor in interest to the Site or any part thereof, that upon issuance of the Certificate of Completion and the sale of a home to a Qualified Buyer and thereafter for a minimum Affordability Period of 30 continuous years, the Property shall be continuously occupied or held available for sale to a Low-Income Household at Affordable Sales Prices as set forth below. The Grantee shall sell the Property to a Low-Income Household (defined below) Household and shall cause to have recorded, a Grant Deed and Promissory Note secured by a Deed of Trust that contains notices and describes these Affordability Restrictions contained herein.

202 LOW-INCOME AND QUALIFIED BUYER

For the purposes of this Grant Deed, a Qualified Buyer shall mean; a "Low-Income Household" that is defined as a household with an income between 70 and 80 percent of the median household income for the Los Angeles-Long Beach Metropolitan Statistical Area (MSA), adjusted for household size.

203 USE AND RESALE RESTRICTIONS

Uses

The Grantee covenants and agrees for itself, its successors and assigns, that the Grantee, its successors and assigns, shall devote the Site solely for use as a single family development to be sold to and occupied by a Qualified Buyer at a sales price affordable to the Qualified Buyer.

203.1 AFFORDABILITY RESTRICTIONS

The Grantee shall incorporate into each Grant Deed to a Qualified Buyer those covenants and restrictions included in the amended Grant Deed to the Grantee, in order to ensure continued

affordability for a period(s) of thirty (30) years. All Grant Deeds and Promissory Notes shall note as a part of their title that the property is subject to " Resale Restrictions".

The covenants and restrictions to be included in the Grant Deed to the Qualified Buyer shall include the following language:

1. At the time of purchase the Buyer must be an eligible Qualified Buyer. Qualified Buyer for the Assisted Unit (as defined in section 6.1 of the DDA dated _____, 200_) is a household earning between SEVENTY (70%) and EIGHTY PERCENT (80%) of the area median income for the Los Angeles/Long Beach Metropolitan Statistical area, adjusted for household size and periodically revised by HUD.
2. Buyer must occupy the property as his/her principal place of residence. Buyer shall be considered as occupying the property if Buyer is living in the unit for at least ten (10) months out of each calendar year. The Commission may grant a temporary waiver of this occupancy requirement for good cause at its sole discretion. Buyer shall not lease the property for more than two months during any twelve month period and shall not lease the property without providing the Commission a copy of the lease. Any lease in violation of this Agreement is prohibited.
3. In the event the Qualified Buyer intends to sell, transfer, assign, lease, or vacate the property, the Qualified Buyer shall promptly notify the Commission and the Grantee, in writing at the addresses set forth in the Disposition and Development Agreement or any new address used by the Commission or the Grantee, of such intent. Said notice from Buyer shall be sent by certified mail, return receipt requested, to the address specified in the DDA or later used by the Commission or the Grantee.
4. Any transfer within the first twenty (20) years of the Qualified Buyer's ownership of the Unit will be subject to the terms and provisions of the Commission's Secondary Financing. "Transfer" means any sale, assignment, or transfer voluntary or involuntary, of any interest in the property, including, but not limited to, a fee simple interest, a joint tenancy interest, a life estate, a leasehold interest, or an interest evidenced by a land contract by which possession of the property is transferred and Buyer retains title. Any transfer which does not comply with all the provisions of this Agreement is prohibited.
5. Buyer shall provide all information and documentation requested by the Commission in monitoring occupancy and ownership of the home, for the term of affordability.

SECTION 203.2 COMMISSION'S FIRST RIGHT OF REFUSAL (ROFR)

In the event the Qualified Buyer should choose to sell or transfer the Property, the Commission shall, in any and all circumstances, retain the Right of First Refusal (ROFR). The ROFR shall provide the Commission the first right to purchase the Property at the Fair Market Value. The Commission shall appoint a Certified Independent Appraiser to conduct an appraisal of the Property, at Qualified Buyer's Expense to determine the Fair Market Value of the Property. Qualified Buyer agrees that in such event, the sale price to the Commission shall be

the Fair Market Value determined by such appraisal, less Note and Appreciation Share Requirement amount. The Commission shall have twenty (20) days following receipt of Qualified Buyer's written Offer of the ROFR to accept or reject such offer by serving Qualified Buyer with written notice of Commission decision. If Commission rejects the ROFR Offer or fails to accept or reject the ROFR within a twenty (20) day period, then such failure or rejection shall be deemed an irrevocable rejection of ROFR Offer and the ROFR Offer shall expire and be of no further force or effect, and Qualified Buyer shall thereafter have the right to sell the Property to any third party. A sale to a third party or an exercise of the ROFR shall trigger the Appreciation Share Requirement as set out in this Deed of Trust, the Loan Agreement, and Promissory Note.

If Commission accepts in writing the ROFR Offer within the Twenty (20) day period following Qualified Buyer's service of the ROFR Offer, then within (20) days after Commission's acceptance of the ROFR a Sales Escrow shall be opened and closed as soon as practical but not later than sixty (60) calendar days after receipt of Qualified Buyer's notice of intent to transfer. Funds will be disbursed upon closing of escrow. Qualified Buyer and Commission shall execute a purchase and sale agreement in standard form acceptable to the Commission. If the Commission exercises its option to purchase yet does not close escrow within the sixty (60) day period; the ROFR shall automatically terminate. However, if escrow does not close for reasons beyond the Commission's control, then ROFR will not terminate.

SECTION 203.3 INTENTIONALLY OMITTED

SECTION 203.4 EFFECTS AND DURATION OF COVENANTS

The covenants respecting affordability standards contained in this Agreement shall be for thirty (30) years from the date of recordation of the Certificate of Completion for the Grantee Improvements as specified in this Agreement. The covenants against discrimination set forth in Sections 401.5 and 401.6 shall run with the land and remain in effect in perpetuity. The covenants established in this Agreement shall, without regard to technical classification and designation, be binding for the benefit and in favor of the Commission, its successors and assigns of the County, and any successor in interest to the Site or any part thereof. The Grantee shall include in each grant deed conveying title to a Unit, the covenants restricting future sales of the Unit to persons and at sales prices satisfying the affordability standards specified in Sections 203.1, as amended, of this Agreement and the covenants against discrimination set forth in Sections 203.5 and 203.6 of this Agreement, and provisions specifying the duration of each of said covenants.

The Commission is deemed the beneficiary of the terms and provisions of this Agreement and of the covenants running with the land for and in its own rights and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Agreement and the covenants running with the land have been provided. This Agreement and the covenants shall run in favor of the Commission and benefit the Site and each and every portion thereof. The Commission shall have the right, if this Agreement or the covenants are breached, to exercise all rights and remedies and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and the covenants may be entitled. The covenants

required by Sections 203.1 through 203.6 of this Agreement shall also be equitable servitudes upon the Site and each part thereof and shall bind each and every person having any interest in the Site or part thereof, whether such interest is fee, easement, leasehold, beneficial or otherwise, and each successor or assign of such person having any such interest in the Site or part thereof.

203.5 OBLIGATION TO REFRAIN FROM DISCRIMINATION

The Grantee covenants by and for himself and any and all successors in interest that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex or sexual orientation, age, medical condition, marital status, ancestry, or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Site, nor shall the Grantee himself or any person claiming under or through him establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Site. The foregoing covenants shall run with the land.

203.6 FORM OF NONDISCRIMINATION AND NONSEGREGATION CLAUSES

The Grantee shall refrain from restricting the sale of the Site or any portion thereof on the basis of race, color, creed, religion, sex or sexual orientation, age, medical condition, marital status, ancestry, or national origin of any person. All such deeds, leases, or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

1. In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex or sexual orientation, age, medical condition, marital status, ancestry, or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."
2. In contracts: "There shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex or sexual orientation, age, medical condition, marital status, ancestry, or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises, nor shall the transferee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the land."

204 **DEFAULT**

A party claiming a default (claimant) shall give written notice of default to the other party, specifying the default complained of and may take action to correct the default. The claimant shall not institute proceedings against the other party if the other party within five (5) days from receipt of such notice, immediately, with due diligence, commences to cure, correct, or remedy such failure or delay and shall complete such cure, correction or remedy within thirty (30) days from the date of receipt of such notice of default, or if the default cannot reasonably be cured within thirty (30) days after notice is given, but the party reasonably commences to cure the default within the five (5) day period and diligently and in good faith continues to cure the default to completion of the cure.

In addition to any other rights or remedies, either party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Grant Deed. Such legal actions must be instituted in the Superior Court of the County of Los Angeles, State of California.

The laws of the State of California shall govern the interpretation and enforcement of this Grant Deed.

In the event that any legal action is commenced by the Grantee or the Commission against Grantee, service of process on Grantee shall be made by personal service and shall be valid whether made within or without the State of California, or service of process on Grantee shall be made in such other manner as may be provided by law.

Commission or its assigns shall have the additional right, at its option, to enter the Property, without charges or fees, and to cure any default at the expense of the Grantee, except for causes, as mutually determined by the Grantee and the Commission, that are beyond the control of Grantee. "Default", for the purposes of this Grant Deed, shall constitute any of the following items caused by the Grantee:

1. Fails to maintain the improvements and the Property to the minimum Housing Standards of the County of Los Angeles, keep the Property free from any accumulation of debris, waste materials, and maintain all landscaping in a healthy condition. Grantee shall have thirty (30) days to reasonably commence to cure the default and diligently and in good faith continue to cure the default to completion of the cure after written notice thereof from the County of Los Angeles or the Commission or its assigns.
2. Abandons or substantially suspends living at the Property as required by this Grant Deed for a period of thirty (30) days after written notice thereof from the Commission or its assigns
3. Transfers or suffers any involuntary transfer of the Property, or any part thereof, in violation of this Grant Deed.

The right to enter and cure default shall be subject to and be limited by and shall not defeat, render invalid, or limit: (1) any mortgage or deed of trust permitted by this Grant Deed; and (2) any rights or interest provided in this Grant Deed for the protection of the holders of such mortgages or deeds of trust consistent with the Affordable Sales Price.

The Grantee shall reimburse the Commission or its assigns for all costs and expenses incurred, including but not limited to: (1) salaries of personnel used in connection with the management of the Property, or part thereof, and less any income derived in connection with such management of the Property; (2) all taxes, assessments, and any utility charges with respect to the Site or such charges, if paid, or (3) any payments made or payments due on any encumbrances or liens existing on the Property or part thereof or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults, or acts of the Grantee, its successors or transferees, and expenditures made or obligations incurred with respect to the repairing, maintaining or completion of any improvements on the Property, or part thereof.

The Grantee shall pay any and all costs required to cure a default including the transfer of property to the Commission or its assigns, or a Qualified Buyer.

In addition to any other rights or remedies, either party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Grant Deed. Such legal actions must be instituted in the Superior Court of the County of Los Angeles, State of California.

205 FAILURE TO EXERCISE RIGHT OF FIRST REFUSAL

In no event shall the Commission become in any way liable or obligated to the Grantee or any successor in interest by reason of default of interest under this Grant Deed, nor shall the Commission be in any way obligated or liable to Grantee or any successor in interest for any failure to exercise its First Right of Refusal.

206 INTENTIONALLY OMITTED

207 OTHER AGREEMENTS

The Grantee covenants that he or she has not, and will not, execute any other agreement which is contradictory to or in opposition to these provisions hereof, and that, in any event, this Grant Deed is controlling as to the rights and obligations of the Grantee and the use, occupancy, transfer, sales price and sale of the Property.

208 BINDING FOR THE BENEFIT OF THE COMMISSION

All covenants contained in this Grant Deed shall be construed as covenants running with the land and shall be binding for the benefit of the Commission and the County of Los Angeles and such covenants and restrictions shall be in force and effect, without regard to

whether the Grantor, the Commission or the County is owner or has an interest in the Property. Only the Commission, its successor or a Court Order may remove a covenant from the Property. The Grantor, the Commission and the County of Los Angeles, in the event of any breach of any such covenant, shall have the right to exercise all the rights and remedies, and to maintain any action at law or suits in equity or other property proceedings to enforce the curing of such breach.

300 Intentionally Omitted

400 NOTICES

Notices under this Grant Deed shall be given in accordance with applicable statutory requirements. If there are no statutory requirements in effect, notices, demands, requests, elections, approvals, disapprovals, consents or other communications given under this Grant Deed shall be in writing and shall be given by personal delivery, mail or telegram and addressed as follows:

If to Grantee:

The WIN Project
5230 Pacific Concourse Drive, Suite 200
Los Angeles, CA 90045

If to the Grantor or Commission:

Community Development Commission
County of Los Angeles
2 Coral Circle
Monterey Park, CA 91755
Housing Development and Preservation
Division.

With a copy to:

IN WITNESS WHEREOF, the Grantor and Grantee have caused this instrument to be executed on their behalf by their respective officers thereunto duly authorized, this ____ day of _____ 200__.

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES
“GRANTOR”

THE WIN PROJECT
LOS ANGELES, CA
“GRANTEE”

By _____
CARLOS JACKSON, Executive Director

By: _____
REGINA YOUNG, Executive Director

By: _____

APPROVED AS TO FORM

LLOYD W. PELLMAN
COUNTY COUNSEL

By: _____
Deputy

ATTACHMENT 1

LEGAL DESCRIPTION

The land referred to in this Attachment is situated in the State of California, County of Los Angeles, and is described as follows:

Lot 24 in Block 9 of Tract No. 5018, in the County of Los Angeles, State of California, as per map recorded in Book 54 page(s) 21 of Maps, in the Office of the County Recorder of said county.

EXHIBIT “J”

INTENTIONALLY OMITTED

EXHIBIT “K”

BOND DEFEASANCE SECONDARY UNIT LAND NOTE

NOTICE: This Note requires payment of the principal and contingent interest if certain events occur, and is subject to use, affordability and resale restrictions.

PROMISSORY NOTE

_____, 2003

Willowbrook, California

Property Address:

1558 East 117 th Street	Willowbrook	CA	
Property Address	City	State	Zip Code

FOR VALUE RECEIVED, the undersigned, _____, hereafter called "Borrower," hereby jointly and severally promise to pay to THE COMMUNITY DEVELOPMENT COMMISSION OF COUNTY OF LOS ANGELES, a body corporate and politic, hereafter called "Lender," or to Lender's order, at such place as Lender may designate, lawful money of the United States of America in the amounts hereafter set forth. This Note shall not bear interest, except for the contingent deferred interest and default interest as provided below.

1. DEFINITIONS. The following definitions shall apply throughout this Note:

(A) Appraiser. An appraiser who is an MAI member of the American Institute of Real Estate Appraisers or a SRPA member of the Society of Real Estate Appraisers (or in case such professional designations are modified or discontinued, the most nearly equivalent successor designations.

(B) Original Sales Price. Borrower's original purchase price for the Property, namely \$.

(C) Principal Sum. The original principal amount of this Note, namely \$.

(D) Property. The real property at the address stated above, as legally described in the Deed of Trust executed concurrently with this Note.

(E) Sale or Transfer. The term "Sale or Transfer" shall include any sale, conveyance, lease, encumbrance, or alienation by Borrower of the Property, or any interest therein; the execution by Borrower of any contract of sale with respect to the Property, or any interest therein; the grant by Borrower of an option to purchase the Property, or any interest therein; the encumbrance of title to the Property by any lien or charge (other than the existing first lien encumbering the Property, or a refinancing thereof approved in writing by Lender), voluntary or

involuntary, contractual or statutory, without the prior written consent of Lender; or any other transfer by Borrower of the Property, or any portion thereof or interest therein, whether voluntary or involuntary. If Borrower is a corporation, partnership, association, trust, or other like legal entity, the terms "Sale or Transfer" shall include the sale, conveyance, alienation or transfer of any beneficial interest in the Borrower.

(F) Sales Price. The term "Sales Price" shall mean an amount equal to the purchase price paid for the Property upon a sale thereof in an arms-length transaction, including the fair market value of any non-cash consideration and the amount of any existing financing that the purchaser of the Property assumes or takes subject to.

(G) Fair Market Value. The term "Fair Market Value" means the fair market value of the Property determined in accordance with Section 3 or 5, as applicable.

(H) This Date. _____, 20____, which shall be the same as the date of the Deed of Trust executed concurrently by Borrower in favor of Lender.

2. TIME OF PAYMENT. All sums due under this Note shall be due and payable in full on the first to occur of the following dates (the "Due Date"): (i) the date of the first Sale or Transfer of the Property; (ii) the refinancing of the first lien on the Property for a loan amount in excess of the then current loan balance secured by the first lien; (iii) the close of a probate estate following the death of Borrower (unless Borrower is more than one person and one or more of the other people comprising Borrower survives); and (iv) the date on which Lender accelerates all sums due under this Note as a result of a "default" by Borrower under Section 5 hereof and the expiration of any applicable cure periods. If no Due Date has occurred, then the entire Principal Sum shall be forgiven forty five (45) years from the date of this Note.

3. AMOUNT OF PAYMENT. Upon the Due Date, Borrower shall pay to Lender an amount reasonably calculated by Lender as being the sum of (i) the Principal Sum, plus (ii) the percentage of the Net Appreciation (as that term is defined below), specified in the table below for the year in which the Due Date occurs. "Net Appreciation" is defined as the Sales Price (or Fair Market Value, under the circumstances described below) of the Property as of the Due Date minus the sum of (i) the Original Sales Price of the Property; (ii) the value of any capital improvements made by the Borrower and pre-approved by Lender ("Eligible Capital Improvements"), if any; (iii) customary closing costs paid by the Borrower in connection with the sale of the Property ("Eligible Closing Costs"); and (iv) the amount of any recapture liability of the Borrower under Section 143(m) of the Internal Revenue Code (the "Recapture Amount"). The term "Commission Percentage" as used in the table below is the ratio of the original Principal Sum of the Note divided by the Original Sales Price of the Property. In the event that the Due Date is triggered by an event other than sale of the entire Property to an unrelated third-party in a bona fide, arms length transaction, the determination of Net Appreciation will be made utilizing the Fair Market Value of the Property; provided that where Borrower and Lender are unable to agree upon the Fair Market Value, the determination thereof (subject to Section 5) will be made by an Appraiser selected by Lender. Borrower and Lender shall each pay one-half (1/2) of the cost of the appraisal of the Property prepared by the Appraiser selected by Lender.

Borrower's share of the cost of the appraisal shall be an additional obligation which, together with other sums payable hereunder, shall be secured by the deed of trust securing this Note (the "Deed of Trust").

As otherwise described in this Section 3, Borrower will be required to pay Lender on the Due Date the Principal Sum plus any amount equal to the applicable percentage (as shown in the table below) of the Net Appreciation (as defined above).

Notwithstanding anything to the contrary in this Section 3, the amount due to Lender from the Borrower shall not exceed the amount remaining after subtracting from the Fair Market Value (or Sales Price, as applicable) of the Property as of the Due Date the sum of (i) the original principal amount of the first lien secured by the Property, (ii) the Borrower's original downpayment, (iii) the value of Eligible Capital Improvements, if any, (iv) Eligible Closing Costs, and (v) the Recapture Amount, if any.

APPRECIATION SHARE

DUE DURING YEAR	PERCENTAGE OF NET APPRECIATION	
1	50.00%	X COMMISSION PERCENTAGE =
2	48.89%	X COMMISSION PERCENTAGE =
3	47.78%	X COMMISSION PERCENTAGE =
4	46.67%	X COMMISSION PERCENTAGE =
5	45.56%	X COMMISSION PERCENTAGE =
6	44.45%	X COMMISSION PERCENTAGE =
7	43.34%	X COMMISSION PERCENTAGE =
8	42.23%	X COMMISSION PERCENTAGE =
9	41.12%	X COMMISSION PERCENTAGE =
10	40.01%	X COMMISSION PERCENTAGE =
11	38.90%	X COMMISSION PERCENTAGE =
12	37.79%	X COMMISSION PERCENTAGE =
13	36.68%	X COMMISSION PERCENTAGE =
14	35.57%	X COMMISSION PERCENTAGE =
15	34.46%	X COMMISSION PERCENTAGE =
16	33.35%	X COMMISSION PERCENTAGE =
17	32.24%	X COMMISSION PERCENTAGE =
18	31.13%	X COMMISSION PERCENTAGE =
19	30.02%	X COMMISSION PERCENTAGE =
20	28.91%	X COMMISSION PERCENTAGE =
21	27.80%	X COMMISSION PERCENTAGE =
22	26.69%	X COMMISSION PERCENTAGE =
23	25.28%	X COMMISSION PERCENTAGE =
24	24.47%	X COMMISSION PERCENTAGE =
25	23.36%	X COMMISSION PERCENTAGE =
26	22.25%	X COMMISSION PERCENTAGE =

27	21.14%	X COMMISSION PERCENTAGE =
28	20.03%	X COMMISSION PERCENTAGE =
29	18.92%	X COMMISSION PERCENTAGE =
30	17.81%	X COMMISSION PERCENTAGE =
31	16.70%	X COMMISSION PERCENTAGE =
32	15.59%	X COMMISSION PERCENTAGE =
33	14.48%	X COMMISSION PERCENTAGE =
34	13.37%	X COMMISSION PERCENTAGE =
35	12.26%	X COMMISSION PERCENTAGE =
36	11.15%	X COMMISSION PERCENTAGE =
37	10.04%	X COMMISSION PERCENTAGE =
38	8.93%	X COMMISSION PERCENTAGE =
39	7.82%	X COMMISSION PERCENTAGE =
40	6.71%	X COMMISSION PERCENTAGE =
41	5.60%	X COMMISSION PERCENTAGE =
42	4.49%	X COMMISSION PERCENTAGE =
43	3.38%	X COMMISSION PERCENTAGE =
44	2.27%	X COMMISSION PERCENTAGE =
45	1.16%	X COMMISSION PERCENTAGE =

The amount, if any, specified in the last column of the above table shall constitute contingent deferred interest due under this Note.

When the net proceeds are insufficient to repay both this Note and the Borrower's investment in the Property, the Borrower shall receive the full amount of Borrower's investment and the balance of the net proceeds shall be paid to Lender. "Net proceeds" is defined as the Sales Price minus first lien repayments through escrow and Eligible Closing Costs. "Borrower's investment" is defined as the following costs, if paid by Borrower: downpayment, payments to reduce the Principal Sum, and the cost of Eligible Capital Improvements made to the Property after purchase.

4. RIGHT OF FIRST REFUSAL (ROFR). Notwithstanding anything to the contrary in this Note, in the event the Borrower should choose to effect a Sale or Transfer of the Property, the Lender shall, in any and all circumstances, have a Right of First Refusal ("ROFR"). The ROFR shall provide the Lender the first right to purchase the Property at the Fair Market Value, which shall be determined in accordance with the procedure set forth in Section 3. The Sales Price to the Lender shall be the Fair Market Value so determined, less the Principal Sum due under this Note and the percentage of Net Appreciation, as set forth in the tables provided in Section 3. The Lender shall have twenty (20) days following receipt of Borrower's written offer of the ROFR to accept or reject such offer by serving Borrower with written notice of Lender's decision. If Lender rejects the ROFR offer or fails to accept or reject the ROFR offer within such twenty (20) day period, then such failure or rejection shall be deemed an irrevocable rejection of the ROFR offer and the ROFR offer shall expire and be of no further force or effect,

and Borrower shall thereafter have the right to effect a Sale or Transfer of the Property to any third party, which shall trigger the Net Appreciation requirement and other payments to Lender under Section 3.

If Lender accepts in writing the ROFR offer within the twenty (20) day period following Borrower's service of the ROFR offer, then within twenty (20) days after Lender's acceptance of the ROFR a sales escrow shall be opened and closed as soon as practical but not later than sixty (60) calendar days after receipt of Borrower's notice of intent to transfer. Funds will be disbursed upon closing of escrow. Borrower and Lender shall execute a purchase and sale agreement in standard form acceptable to the Lender. If the Lender exercises its option to purchase yet does not close escrow within the sixty (60) day period, the ROFR shall automatically terminate. However, if escrow does not close for reasons beyond the Lender's control, then the ROFR will not terminate.

5. DEFAULTS AND LENDER'S REMEDIES.

Each of the following shall be a "default" under this Note:

- (A) Borrower's failure or delay to make any timely payment of principal or interest when due under this Note, or satisfy any other monetary obligation under this Note, the Loan Reservation Agreement executed in connection herewith (the "Loan Agreement") or the Deed of Trust (this Note, the Loan Agreement and the Deed of Trust collectively, the "Loan Documents");
- (B) Borrower's failure or delay in performing any other term or provision of this Note;
- (C) Borrower's failure to occupy the Property in accordance with the nondiscrimination and affordability restrictions set forth in the Deed of Trust, which, as more particularly provided therein, restrict occupancy of the Property to lower income persons having household incomes no greater than 100 percent of area median income as determined from time to time by the U.S. Department of Housing and Urban Development (HUD);
- (D) Borrower's failure or delay in performing any term or provision (not otherwise described in (A) through (C) above) of the Loan Documents;
- (E) Borrower's default under its obligations to the holder of any other lien or encumbrance recorded against the Property;
- (F) Borrower becomes insolvent or the subject of any bankruptcy or other voluntary or involuntary proceeding for the adjustment of debtor-creditor relationships, and in the case of any involuntary proceeding, such proceeding is not dismissed within ninety (90) days;
- (G) Borrower intentionally or fraudulently misrepresented income information submitted to Lender under the Loan Documents, or any application materials provided to Lender in connection therewith.

Upon the occurrence of a “default,” the Lender, prior to acceleration, shall give notice to Borrower as provided in Section 15 (the “Notice”) hereof specifying:

- (a) the default;
- (b) the action required to cure such default, if curable;
- (c) a date, not less than ten (10) days from the date the Notice is mailed to Borrower, by which such default must be cured (provided that with respect to any default described in items (B), (D) and (E), Borrower shall be given thirty (30) days from the date the Notice is mailed to Borrower to cure such default; provided further, however, if any such default is reasonably curable, but requires more than thirty (30) days to cure, Borrower shall be given such longer period if, immediately after Borrower’s receipt of the Notice, Borrower commences to promptly cure such default and thereafter diligently pursues such cure to completion (in any event within 120 days); and
- (d) that failure to cure such breach on or before the date specified in the Notice may result in acceleration of the sums due under this Note and a sale of the Property.

The Notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or any other defense of Borrower to acceleration and sale.

If the default is not cured on or before the time specified in the Notice, the Lender, at its option, may declare all of the sums due under this Note to be immediately due and payable without further demand and may invoke under its Deed of Trust the power of sale and any other remedies permitted by applicable law. As otherwise provided in Section 9 hereof, Lender shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Section 5, including but not limited to, reasonable attorneys’ fees.

NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS SECTION 5, IN THE EVENT BORROWER IS IN DEFAULT OF THIS NOTE UNDER ITEMS (C) AND (G) ABOVE (AND IN THE CASE OF (C), BORROWER DOES NOT DILIGENTLY PURSUE CURE OF SUCH DEFAULT BY LISTING THE PROPERTY FOR SALE AND ACCEPTING ANY OFFER TO PURCHASE THE PROPERTY AT OR IN EXCESS OF THE FAIR MARKET VALUE DETERMINED BY LENDER IN ACCORDANCE WITH THIS SECTION 5), THE PARTIES AGREE THAT THE LENDER WILL SUSTAIN DAMAGES BY REASON THEREOF WHICH WOULD BE UNCERTAIN. BORROWER AND LENDER FURTHER AGREE THAT THE AMOUNTS CALCULATED AS HEREINAFTER SET FORTH SHALL BE PAID AND DELIVERED TO THE LENDER AS LIQUIDATED DAMAGES. SUCH DAMAGES WOULD INVOLVE SUCH VARIABLE FACTORS AS THE FRUSTRATION OF THE PROGRAM OBJECTIVES AND THE LOSS OF PROGRAM FUNDS AVAILABLE TO ASSIST ELIGIBLE PERSONS AND FAMILIES PURSUANT TO THE PROGRAM RESULTING IN DAMAGE AND LOSS TO THE LENDER. IT IS IMPRACTICABLE AND EXTREMELY DIFFICULT TO FIX THE AMOUNT OF SUCH DAMAGES TO THE

LENDER, BUT THE PARTIES ARE OF THE OPINION, UPON THE BASIS OF ALL INFORMATION AVAILABLE TO THEM, THAT SUCH DAMAGES WOULD APPROXIMATELY EQUAL THE AMOUNT SPECIFIED FOR "YEAR 1" IN THE NET APPRECIATION TABLE SHOWN IN SECTION 3 OF THIS NOTE. THE PARTIES AGREE THAT SUCH LIQUIDATED AND AGREED DAMAGES SHALL BE PAID IN LIEU OF (AND NOT IN ADDITION TO) THE NET APPRECIATION PERCENTAGE AMOUNTS TO BE PAID PURSUANT TO SECTION 3 OF THIS NOTE (BUT THAT SUCH LIQUIDATED DAMAGES SHALL IN ANY EVENT BE IN ADDITION TO THE AMOUNT OF THE PRINCIPAL SUM WHICH IS DUE AND PAYABLE AS A RESULT OF SUCH DEFAULT, AND SHALL IN NO WAY IMPAIR LENDER'S RIGHTS TO EXERCISE A POWER OF SALE OR FORECLOSE UNDER THE DEED OF TRUST IN ORDER TO COLLECT THE PRINCIPAL SUM AND ANY OTHER SUMS PAYABLE HEREUNDER) AND THAT SUCH LIQUIDATED AND AGREED DAMAGES SHALL BE DUE AND PAYABLE TO THE LENDER SIXTY (60) DAYS AFTER THE OCCURRENCE OF A DEFAULT SPECIFIED HEREIN THAT IS NOT SOONER CURED, BUT NO LATER THAN REPAYMENT OF THE NOTE.

BORROWER SPECIFICALLY ACKNOWLEDGES THIS LIQUIDATED DAMAGES PROVISION BY ITS INITIALS BELOW:

BORROWER

6. PREPAYMENT. Borrower shall have the right at any time to repay this Note, provided that any prepayment must be in full and not in part. The amount payable in full by Borrower shall be the sum of (i) the Principal Sum, and (ii) the applicable Net Appreciation Percentage payment described in Section 3 above.

7. SECURITY. This Note is secured by the Deed of Trust of even date herewith.

8. JOINT AND SEVERAL. The undersigned, if more than one, shall be jointly and severally liable hereunder.

9. ATTORNEYS FEES. If any default is made hereunder, Borrower further promises to pay reasonable attorney fees and costs and expenses incurred by the Lender in connection with any such default or any other action or other proceeding brought to enforce any of the provisions of this Note. The Lender's right to such fees shall not be limited to or by its representation by staff counsel, and such representation shall be valued at customary and reasonable rates for private sector legal services.

10. TIME. Time is of the essence herein.

11. AMENDMENTS. This Note may not be modified or amended except by an instrument in writing executed by the parties to be bound thereby.

12. SEVERABILITY. The covenants of this Note are severable. Invalidation of any covenant or any part thereof by law, judgment, or court order shall not affect any other covenants.

13. PLACE OF PAYMENT. Borrower will make payment of all amounts due to Lender under this Note to Lender at 2 Coral Circle, Monterey Park, California 91755, or such other address as Lender may designate in writing to Borrower.

14. BORROWER'S WAIVERS. Borrower waives any rights to require the Lender to do certain things. Those things are: (A) to demand payment of amounts due (known as "presentment"); (B) to give notice that amounts due have not been paid (known as "notice of dishonor"); and (C) to obtain an official certification of nonpayment (known as a "protest").

15. GIVING OF NOTICE. Any notice given to Borrower under this Note shall be given by personally delivering it or by mailing it certified mail, postage prepaid, return receipt requested, addressed to Borrower at the address specified below. A notice will be delivered or mailed to Borrower at a different address if Borrower gives the Lender written notice of Borrower's different address. Any notice given to the Lender under this Note shall be given by personal delivery or by mailing it certified mail, postage prepaid, return receipt requested, to the address specified below. A notice will be mailed to the Lender at a different address if Borrower is given a written notice of that different address.

If to Lender: Community Development Commission of the County of Los Angeles
2 Coral Circle
Monterey Park, California 91755-7425
Attn: Executive Director

With a copy to: Community Development Commission of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Director of Housing Development and Preservation

If to Borrower: To the Property address stated on Page 1 above.

16. DEFAULT INTEREST. In the event that any amounts which Borrower is obligated to pay Lender under the terms of this Note are not paid when due, such amounts shall thereafter bear interest at an annual rate of five percent (5%) (the "Default Rate").

17. LENDER MAY ASSIGN. Lender may, at its option, assign its right to receive payment under this Note without necessity of obtaining the consent of the Borrower.

18. BORROWER ASSIGNMENT PROHIBITED. In no event shall Borrower assign or transfer any portion of this Note without the prior express written consent of the Lender. This consent may be given or withheld in the Lender's sole discretion. This Section 18 shall not affect or diminish the Lender's right to assign all or any portion of its rights to the loan proceeds hereunder.

19. SUCCESSORS BOUND. This Note shall be binding upon the parties hereto and their respective heirs, devisees, successors and assigns. Lender includes any successor or assign of Lender.

IN WITNESS WHEREOF, the undersigned have executed this instrument as of the date first written above.

BORROWER

BORROWER

EXHIBIT “L”

UNIT SECONDARY DEED OF TRUST

OFFICIAL BUSINESS

Document entitled to free
recording per Govt. Code
Section 6103.

Recording Requested by and
When Recorded Mail To:

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES
2 Coral Circle
Monterey Park, CA 91755-7425
Attn.: Director of Housing
Development and Preservation

(SPACE ABOVE LINE FOR RECORDER'S USE)

**THIS DEED OF TRUST INCLUDES USE, AFFORDABILITY AND RESALE
RESTRICTIONS**

DEED OF TRUST

This DEED OF TRUST is made this _____ day of _____, 2003, by and among (Buyer(s)) _____ (herein, "Trustor"), (Title Company) _____ (herein "Trustee"), and the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic (herein "Beneficiary"), whose address is Two Coral Circle, Monterey Park, California 91755.

Trustor, for good and valuable consideration and in consideration of the indebtedness herein recited and the trust herein created, irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in the County of Los Angeles, State of California:

[See attached Exhibit "A"]

which has the address of 1558 East 117th Street, Willowbrook, California (herein "Property Address");

TOGETHER, with all the improvements now and hereafter erected on the Property, and all easements, rights, appurtenances and rents and income received from the Property (subject, however, to the rights and authorities given herein to Beneficiary to collect and apply such rents), all of which shall be deemed to be and remain part of the Property covered by this Deed of Trust; and all of the foregoing, together with said Property (or the leasehold estate if this Deed of Trust is on a leasehold) are herein collectively referred to as the "Property".

The Deed of Trust secures performance of all of Trustor's covenants and agreements under the Loan Reservation Agreement dated _____, 2003, by and between Trustor and Beneficiary (herein "Reservation Agreement") and the Promissory Note in the principal sum of: _____ Dollars (\$_____) (herein "Note") executed by Trustor in favor of Beneficiary dated _____, 2003, and extensions and renewals thereof, and the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Deed of Trust.

Trustor covenants that Trustor is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property, and that Trustor is unencumbered except for encumbrances of record. Trustor covenants that Trustor warrants and will defend generally the title to the Property against all claims and demands, subject to encumbrances of record.

UNIFORM COVENANTS

Trustor covenants and agrees as follows:

1. Funds for Taxes and Insurance. To protect the security of this Deed of Trust, Trustor agrees to pay, at least ten (10) days before delinquency, all taxes and assessments affecting the Property, including but not limited to assessments on appurtenant water stock, when due, and all encumbrances, charges and liens, with interest, on the Property or any part thereof.

2. Prior Mortgagees and Deeds of Trust; Charges, Liens. Trustor shall perform all of Trustor's obligations under any mortgage, deed of trust, CC&Rs or other lien or encumbrance on the Property. Trustor shall pay or cause to be paid all taxes, assessments and other charges, rents, fines and impositions attributable to the Property.

3. Hazard Insurance. Trustor shall keep the improvement(s) now existing or hereinafter erected on the Property insured against loss by fire hazards included within the terms extended coverage, and such other hazards as Beneficiary may require and in such amounts and for such periods as Beneficiary may require.

All insurance policies and renewals thereof shall be in a form acceptable to Beneficiary and shall include a standard mortgage clause in favor of and in a form acceptable to Beneficiary. Beneficiary has the right to hold the policies and renewals thereof, subject to the terms of any mortgage, deed of trust or other security agreement with a lien, which has priority over this Deed of Trust.

In the event of loss, Trustor shall give prompt notice to the insurance carrier and Beneficiary. Beneficiary may make proof of loss if not made promptly by Trustor.

If the Property is abandoned by Trustor, or if Trustor fails to respond to Beneficiary within thirty (30) days from the date notice is mailed by Beneficiary to Trustor that the insurance carrier offers to settle a claim for insurance benefits, Beneficiary is authorized to collect and apply the insurance proceeds at Beneficiary's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

4. Preservation and Maintenance of Property. Trustor shall maintain the housing in compliance with the Housing Quality Standards designated by Beneficiary from time to time and the County Housing Code for the duration of occupancy. Trustor will keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property. If this Deed of Trust is on a unit in a condominium or planned unit development, Trustor shall perform all of Trustor's obligations under the declaration of covenants, conditions and restrictions creating or governing the condominium or planned unit development, the bylaws and regulations of the condominium or planned unit development, and constituent documents.

5. Protection of Beneficiary Security. If Trustor fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects Beneficiary's interest in the Property, then Beneficiary, at Beneficiary's option, upon notice to Trustor, may make such appearances, disburse such sums including reasonable attorneys' fees, and take such action as is necessary to protect Beneficiary's interest.

Any amounts disbursed by Beneficiary pursuant to this paragraph, with interest thereon, at the default rate of five percent (5%), will become additional indebtedness of Trustor secured by this Deed of Trust. Unless Trustor and Beneficiary agree to other terms of payment, such amounts will be payable upon notice from Beneficiary to Trustor requesting payment thereof. Nothing contained in this paragraph will require Beneficiary to incur any expense or take any action hereunder.

6. Inspection. Beneficiary may make or cause to be made reasonable entries upon and inspections of the Property, provided that Beneficiary will give Trustor notice prior to any such inspection, specifying reasonable cause therefor related to Beneficiary's interest in the Property.

7. Condemnation. The proceeds of any award of claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Beneficiary subject to the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust.

8. Trustor Not Released: Forbearance by Beneficiary Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Beneficiary to any successor-in-interest of Trustor shall not operate to release, in any manner, the liability of the original Trustor and Trustor's successors in interest. Beneficiary shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Trustor and Trustor's successors-in-interest. Any forbearance by Beneficiary in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

9. Successors and Assigns Bound, Joint and Several Liability; Co-Signers. The covenants and agreements herein contained shall bind the respective successors and assigns of Beneficiary and Trustor. All covenants and agreements of Trustor shall be joint and several.

10. Notice. Except for any notice required under applicable law to be given in another manner:

(a) any notice to Trustor provided for in this Deed of Trust shall be given by delivering it or by mailing such notice by certified mail, return receipt requested, addressed to Trustor at the Property address or such other address as Trustor may designate by notice to Beneficiary as provided herein; and,

(b) any notice to Beneficiary will be given by certified mail, return receipt requested, to Beneficiary's address as set forth below or to such other address as Beneficiary may designate by notice to Trustor as provided herein.

To Beneficiary: Community Development Commission
of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Executive Director

With a copy to: Community Development Commission
of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Director of Housing Development and Preservation

Any Notice provided for in this Deed of Trust shall be deemed to have been given to Trustor or Beneficiary when given in the manner designated herein.

11. Governing Law, Severability. The state of California and local laws applicable to this Deed of Trust shall be the laws of the jurisdiction in which the Property is located. The foregoing sentence shall not limit the applicability of federal law to this Deed of Trust. In the event that any provision or clause of this Deed of Trust or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision and, to this end, the provisions of this Deed of Trust and the Note are declared to be severable. As used herein, "costs", "expenses" and "attorneys' fees" include all sums to the extent not prohibited by applicable law or limited herein.

12. Trustor's Copy. Trustor shall be furnished a conformed copy of the Note and this Deed of Trust at the time of execution or after recordation hereof.

13. Right of First Refusal (ROFR). In the event Trustor should choose to sell or transfer the Property, the Beneficiary shall, in any and all circumstances, retain the Right of First Refusal ("ROFR") as provided in Section 4 of the Note.

14. Acceleration and Appreciation Share Due on Transfer or Other Event. On the Due Date (as defined in the Note) and in accordance with the tables set forth in Section 3 of the Note, Trustor shall pay to Beneficiary the outstanding principal amount of the Note, plus the percentage of the Net Appreciation (as that term is defined in the Note). As more particularly described in the Note, the Due Date occurs on the earliest of the following: (i) the date of the first sale, transfer or encumbrance of the Property; (ii) the refinancing of the first lien on the Property for a loan amount in excess of the then current loan balance secured by the first lien; (iii) the close of a probate estate following the death of Trustor (unless Trustor is more than one person and one or more of the other people comprising Trustor survives); and (iv) the date on which Beneficiary accelerates all sums due under the Note as a result of a default by Trustor.

15. Acceleration, Remedies. Upon Trustor's default of any covenants or agreements of Trustor in this Deed of Trust, including the covenants to pay when due any sums due under the Note and secured by this Deed of Trust, Beneficiary, prior to acceleration, shall give notice to Trustor as provided in Section 10 (the "Notice") hereof specifying:

- (a) the default;
- (b) the action required to cure such default;
- (c) a date, not less than ten (10) days from the date the Notice is mailed to Trustor, by which such breach must be cured (provided that with respect to any default described in items (B), (D) and (E), Trustor shall be given thirty (30) days from the date the Notice is mailed to Trustor to cure such default; provided further, however, if any such default requires more than thirty (30) days to cure, Trustor shall be given such longer period if, immediately after Trustor's receipt of the Notice, Trustor commences to promptly cure such default and thereafter diligently pursues such cure to completion } in any event within 120 days from the date of the Notice); and
- (d) that failure to cure such breach on or before the date specified in the Notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property.

The Notice shall further inform Trustor of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or any other defense of Trustor to acceleration and sale.

If the default is not cured on or before the time specified in the Notice, Beneficiary, at Beneficiary's option, may declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale by the Trustor, foreclosure and/or any other remedies permitted by applicable law. Beneficiary shall be

entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Section 15, including but not limited to, reasonable attorneys' fees.

16. Defaults.

Each of the following shall be a "default" under this Deed of Trust:

(a) Trustor's failure or delay to make any timely payment of principal or interest when due under the Note, or satisfy any other monetary obligation under the Note, the Loan Reservation Agreement or this Deed of Trust (collectively, the "Loan Documents");

(b) Trustor's failure or delay in performing any other term or provision of the Note;

(c) Trustor's sale, transfer or encumbrance of the Property, except in full accordance with the Note and this Deed of Trust;

(d) Trustor's failure or delay in performing any term or provision (not otherwise described in (a) through (c) above) of the Loan Documents;

(e) Trustor's default under its obligations to the holder of the First Deed of Trust recorded against the Property;

(f) Trustor becomes insolvent or the subject of any bankruptcy or other voluntary or involuntary proceeding for the adjustment of debtor-creditor relationships, and in the case of any involuntary proceeding, such proceeding is not dismissed within ninety (90) days; and

(g) Trustor intentionally or fraudulently misrepresented income information submitted to Beneficiary under the Loan Documents, or any application and supporting information provided to Beneficiary in connection therewith.

17. Trustor's Right to Reinstate. Notwithstanding Beneficiary's acceleration of the sums secured by this Deed of Trust due to Trustor's default, Trustor shall have the right to have any proceedings begun by Beneficiary to enforce this Deed of Trust discontinued at any time prior to five (5) days before the sale of the Property pursuant to the power of sale contained in this Deed of Trust or at any time prior to entry of a judgment enforcing this Deed of Trust if:

(a) Trustor pays Beneficiary all sums which would then be due under this Deed of Trust and the Note had no acceleration occurred;

(b) Trustor cures all breaches of any other covenants or agreements of Trustor contained in this Deed of Trust; and/or the Note;

(c) Trustor pays all reasonable expenses incurred by Beneficiary and Trustor in enforcing the covenants and agreements of Trustor contained in this Deed of Trust and

in enforcing remedies as provided in paragraph 15 hereof, including, but not limited to, reasonable attorneys' fees; and

(d) Trustor takes such action as Beneficiary may reasonably require to assure that the lien of this Deed of Trust, Beneficiary's interest in the Property and Trustor's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired.

Upon such payment and cure by Trustor, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred. The parties hereby acknowledge that no cure or reinstatement opportunity shall apply in the event of a sale, transfer or encumbrance of the Property not in conformity with the requirements of the Note and this Deed of Trust, unless the sale, transfer or encumbrance is canceled by mutual agreement of the parties thereto within 15 days of Beneficiary's obtaining knowledge thereof.

18. Assignment of Rents; Appointment of Receiver; Beneficiary in Possession; Power of Sale. As additional security hereunder, Trustor hereby assigns to Beneficiary the rents and income of the Property, provided that Trustor shall, prior to acceleration under paragraph 15 hereof or abandonment of the Property, have the right to collect and retain such rents and income as they become due and payable.

Upon acceleration under paragraph 15 hereof or abandonment of the Property, Beneficiary, in person, by agent or by judicially appointed receiver shall be entitled to enter upon, take possession of and manage the Property and to collect the rents and income of the Property including those past due. All rents collected by Beneficiary or the receiver shall be applied first to payment of the cost of management of the Property and collection or rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Deed of Trust. Beneficiary and the receiver shall be liable to account only for those rents and income actually received.

Following acceleration under paragraph 15 hereof, and after the giving of such notices and the lapse of such time as may then be required by law following the recordation of a notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the Property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: first, all sums expended by the Beneficiary under the terms hereof or under the Note, not then repaid, with

accrued interest; second, all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

19. Reconveyance. Upon payment of all sums secured by this Deed of Trust, Beneficiary shall request Trustor to reconvey the Property and will surrender this Deed of Trust and the Note evidencing indebtedness secured by this Deed of Trust to Trustor. Trustor shall reconvey the Property without warranty and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any.

20. Subordination. Beneficiary and Trustor acknowledge and agree that this Deed of Trust is subject and subordinate in all respects to the liens, terms, covenants and conditions of the first deed of trust recorded against the Property (the "First Deed of Trust") and to all advances heretofore made or which may hereafter be made pursuant to the First Deed of Trust including all sums advanced for the purpose of protecting or further securing the lien of the First Deed of Trust, curing defaults by Trustor under the First Deed of Trust or for any other purpose expressly permitted by the First Deed of Trust. The terms and provisions of the First Deed of Trust are paramount and controlling, and they supersede any other terms and provisions hereof in conflict therewith. In the event of a foreclosure or deed in lieu of foreclosure of the First Deed of Trust, or upon assignment of the First Deed of Trust to HUD, any provisions herein or any provisions in any other collateral agreement restricting the use of the Property to lower income households or otherwise restricting the Trustor's ability to sell the Property shall have no further force or effect on subsequent owners or purchasers of the Property. Any person, including his successors or assigns (other than Trustor or a related entity of Trustor), receiving title to the Property through a foreclosure or deed in lieu of foreclosure of the First Deed of Trust shall receive title to the Property free and clear from such restrictions.

Further, if the holder of the First Deed of Trust acquires title to the Property pursuant to a deed in lieu of foreclosure, the lien of this Deed of Trust shall automatically terminate upon the senior lien holder's acquisition of title.

In connection with the subordination provided in this Section 20, Beneficiary specifically finds and determines that an economically feasible alternative method of financing, refinancing, or assisting the units or parcels on substantially comparable terms and conditions, but without subordination, is not reasonably available.

21. Substitute Trustor. Beneficiary, at Beneficiary's option, may from time to time appoint a successor Trustor to any Trustor appointment hereunder by an instrument executed and acknowledged by Beneficiary and recorded in the office of the Recorder of the county where the Property is located. The instrument shall contain the name of the original lender, Trustor and successor Trustor, the book and page where this instrument is recorded, and the name and address of the successor Trustor. The successor Trustor shall, without conveyance of the Property, succeed to all the title, power and duties conferred upon Trustor herein and by applicable law. This procedure for substitution of Trustor shall govern to the exclusion of all other provisions for substitution.

22. Request for Notices. Trustor requests that copies of the notice of sale be sent to Trustor's address which is the Property address.

23. Statement of Obligation. Beneficiary may charge a fee not to exceed Sixty Dollars (\$60.00) for furnishing the statement of obligation as provided by Section 2943 of the Civil Code of California.

24. Warranties of Trustor. Trustor represents, warrants and covenants to Beneficiary as follows:

(a) That Trustor's annual household gross income does not exceed one hundred percent (100%) of the Area Median Income (as defined below), on the later of:

(1) the date of Trustor's initial occupancy of the Property; or

(2) the date of the recordation of this Deed of Trust.

(b) That for so long as Trustor owns the Property (or 45 years from the date hereof, whichever period is shorter), Trustor will reside in the Property as Trustor's principal place of residence.

"Area Median Income" shall mean the median income for the Los Angeles/Long Beach area, adjusted for household size, and as defined and periodically adjusted by the United States Department of Housing and Urban Development (HUD), or any successor entity designated under state law as responsible for establishing such area median income.

25. Nondiscrimination. Trustor covenants by and for itself, its successors and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall Trustor itself or any person claiming under or through Trustor, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property.

26. Foreclosure by Holder of Senior Deed of Trust. This Deed of Trust is subordinate to any first deed of trust or mortgage on the Property made by or held by an institutional lender or investor. Any party, and its successors and assigns, receiving title to the Property through a Trustor's sale, a judicial foreclosure sale or deed in lieu of foreclosure of such deed of trust or mortgage, and any conveyance, including assignment of the First Deed of Trust to HUD, or transfer thereafter, shall receive title free and clear of the provisions of this Deed of Trust and the Restrictions.

Note: The restrictions imposed by this Deed of Trust must terminate upon acceptance of a Deed in Lieu of foreclosure or foreclosure of the first mortgage, and may not reattach to the Property upon resale of the Property.

Date: _____

Trustor

Exhibit "A"

LEGAL DESCRIPTION OF PROPERTY

Lot 24 in Block 9 of Tract No. 5018, in the County of Los Angeles, State of California, as per map recorded in Book 54 page(s) 21 of Maps, in the Office of the County Recorder of said county.

EXHIBIT “M”

TERTIARY UNIT PROMISSORY NOTE

NOTICE: This Note requires payment of the principal and contingent interest if certain events occur, and is subject to use, affordability and resale restrictions.

PROMISSORY NOTE

_____, 2003

Willowbrook, California

Property Address:

1558 East 117 th Street	Willowbrook	CA	
Property Address	City	State	Zip Code

FOR VALUE RECEIVED, the undersigned, _____, hereafter called "Borrower," hereby jointly and severally promise to pay to THE COMMUNITY DEVELOPMENT COMMISSION OF COUNTY OF LOS ANGELES, a body corporate and politic, hereafter called "Lender," or to Lender's order, at such place as Lender may designate, lawful money of the United States of America in the amounts hereafter set forth. This Note shall not bear interest, except for the contingent deferred interest and default interest as provided below.

1. DEFINITIONS. The following definitions shall apply throughout this Note:

(A) Appraiser. An appraiser who is an MAI member of the American Institute of Real Estate Appraisers or a SRPA member of the Society of Real Estate Appraisers (or in case such professional designations are modified or discontinued, the most nearly equivalent successor designations.

(B) Original Sales Price. Borrower's original purchase price for the Property, namely \$.

(C) Principal Sum. The original principal amount of this Note, namely \$.

(D) Property. The real property at the address stated above, as legally described in the Deed of Trust executed concurrently with this Note.

(E) Sale or Transfer. The term "Sale or Transfer" shall include any sale, conveyance, lease, encumbrance, or alienation by Borrower of the Property, or any interest therein; the execution by Borrower of any contract of sale with respect to the Property, or any interest therein; the grant by Borrower of an option to purchase the Property, or any interest therein; the encumbrance of title to the Property by any lien or charge (other than the existing first lien encumbering the Property, or a refinancing thereof approved in writing by Lender), voluntary or

involuntary, contractual or statutory, without the prior written consent of Lender; or any other transfer by Borrower of the Property, or any portion thereof or interest therein, whether voluntary or involuntary. If Borrower is a corporation, partnership, association, trust, or other like legal entity, the terms "Sale or Transfer" shall include the sale, conveyance, alienation or transfer of any beneficial interest in the Borrower.

(F) Sales Price. The term "Sales Price" shall mean an amount equal to the purchase price paid for the Property upon a sale thereof in an arms-length transaction, including the fair market value of any non-cash consideration and the amount of any existing financing that the purchaser of the Property assumes or takes subject to.

(G) Fair Market Value. The term "Fair Market Value" means the fair market value of the Property determined in accordance with Section 3 or 5, as applicable.

(H) This Date. _____, 20____, which shall be the same as the date of the Deed of Trust executed concurrently by Borrower in favor of Lender.

2. TIME OF PAYMENT. All sums due under this Note shall be due and payable in full on the first to occur of the following dates (the "Due Date"): (i) the date of the first Sale or Transfer of the Property; (ii) the refinancing of the first lien on the Property for a loan amount in excess of the then current loan balance secured by the first lien; (iii) the close of a probate estate following the death of Borrower (unless Borrower is more than one person and one or more of the other people comprising Borrower survives); and (iv) the date on which Lender accelerates all sums due under this Note as a result of a "default" by Borrower under Section 5 hereof and the expiration of any applicable cure periods. If no Due Date has occurred, then the entire Principal Sum shall be forgiven forty five (45) years from the date of this Note.

3. AMOUNT OF PAYMENT. Upon the Due Date, Borrower shall pay to Lender an amount reasonably calculated by Lender as being the sum of (i) the Principal Sum, plus (ii) the percentage of the Net Appreciation (as that term is defined below), specified in the table below for the year in which the Due Date occurs. "Net Appreciation" is defined as the Sales Price (or Fair Market Value, under the circumstances described below) of the Property as of the Due Date minus the sum of (i) the Original Sales Price of the Property; (ii) the value of any capital improvements made by the Borrower and pre-approved by Lender ("Eligible Capital Improvements"), if any; (iii) customary closing costs paid by the Borrower in connection with the sale of the Property ("Eligible Closing Costs"); and (iv) the amount of any recapture liability of the Borrower under Section 143(m) of the Internal Revenue Code (the "Recapture Amount"). The term "Commission Percentage" as used in the table below is the ratio of the original Principal Sum of the Note divided by the Original Sales Price of the Property. In the event that the Due Date is triggered by an event other than sale of the entire Property to an unrelated third-party in a bona fide, arms length transaction, the determination of Net Appreciation will be made utilizing the Fair Market Value of the Property; provided that where Borrower and Lender are unable to agree upon the Fair Market Value, the determination thereof (subject to Section 5) will be made by an Appraiser selected by Lender. Borrower and Lender shall each pay one-half (1/2) of the cost of the appraisal of the Property prepared by the Appraiser selected by Lender.

Borrower's share of the cost of the appraisal shall be an additional obligation which, together with other sums payable hereunder, shall be secured by the deed of trust securing this Note (the "Deed of Trust").

As otherwise described in this Section 3, Borrower will be required to pay Lender on the Due Date the Principal Sum plus any amount equal to the applicable percentage (as shown in the table below) of the Net Appreciation (as defined above).

Notwithstanding anything to the contrary in this Section 3, the amount due to Lender from the Borrower shall not exceed the amount remaining after subtracting from the Fair Market Value (or Sales Price, as applicable) of the Property as of the Due Date the sum of (i) the original principal amount of the first lien secured by the Property, (ii) the Borrower's original downpayment, (iii) the value of Eligible Capital Improvements, if any, (iv) Eligible Closing Costs, and (v) the Recapture Amount, if any.

APPRECIATION SHARE

DUE DURING YEAR	PERCENTAGE OF NET APPRECIATION	
1	50.00%	X COMMISSION PERCENTAGE =
2	48.89%	X COMMISSION PERCENTAGE =
3	47.78%	X COMMISSION PERCENTAGE =
4	46.67%	X COMMISSION PERCENTAGE =
5	45.56%	X COMMISSION PERCENTAGE =
6	44.45%	X COMMISSION PERCENTAGE =
7	43.34%	X COMMISSION PERCENTAGE =
8	42.23%	X COMMISSION PERCENTAGE =
9	41.12%	X COMMISSION PERCENTAGE =
10	40.01%	X COMMISSION PERCENTAGE =
11	38.90%	X COMMISSION PERCENTAGE =
12	37.79%	X COMMISSION PERCENTAGE =
13	36.68%	X COMMISSION PERCENTAGE =
14	35.57%	X COMMISSION PERCENTAGE =
15	34.46%	X COMMISSION PERCENTAGE =
16	33.35%	X COMMISSION PERCENTAGE =
17	32.24%	X COMMISSION PERCENTAGE =
18	31.13%	X COMMISSION PERCENTAGE =
19	30.02%	X COMMISSION PERCENTAGE =
20	28.91%	X COMMISSION PERCENTAGE =
21	27.80%	X COMMISSION PERCENTAGE =
22	26.69%	X COMMISSION PERCENTAGE =
23	25.28%	X COMMISSION PERCENTAGE =
24	24.47%	X COMMISSION PERCENTAGE =
25	23.36%	X COMMISSION PERCENTAGE =
26	22.25%	X COMMISSION PERCENTAGE =

27	21.14%	X COMMISSION PERCENTAGE =
28	20.03%	X COMMISSION PERCENTAGE =
29	18.92%	X COMMISSION PERCENTAGE =
30	17.81%	X COMMISSION PERCENTAGE =
31	16.70%	X COMMISSION PERCENTAGE =
32	15.59%	X COMMISSION PERCENTAGE =
33	14.48%	X COMMISSION PERCENTAGE =
34	13.37%	X COMMISSION PERCENTAGE =
35	12.26%	X COMMISSION PERCENTAGE =
36	11.15%	X COMMISSION PERCENTAGE =
37	10.04%	X COMMISSION PERCENTAGE =
38	8.93%	X COMMISSION PERCENTAGE =
39	7.82%	X COMMISSION PERCENTAGE =
40	6.71%	X COMMISSION PERCENTAGE =
41	5.60%	X COMMISSION PERCENTAGE =
42	4.49%	X COMMISSION PERCENTAGE =
43	3.38%	X COMMISSION PERCENTAGE =
44	2.27%	X COMMISSION PERCENTAGE =
45	1.16%	X COMMISSION PERCENTAGE =

The amount, if any, specified in the last column of the above table shall constitute contingent deferred interest due under this Note.

When the net proceeds are insufficient to repay both this Note and the Borrower's investment in the Property, the Borrower shall receive the full amount of Borrower's investment and the balance of the net proceeds shall be paid to Lender. "Net proceeds" is defined as the Sales Price minus first lien repayments through escrow and Eligible Closing Costs. "Borrower's investment" is defined as the following costs, if paid by Borrower: downpayment, payments to reduce the Principal Sum, and the cost of Eligible Capital Improvements made to the Property after purchase.

4. RIGHT OF FIRST REFUSAL (ROFR). Notwithstanding anything to the contrary in this Note, in the event the Borrower should choose to effect a Sale or Transfer of the Property, the Lender shall, in any and all circumstances, have a Right of First Refusal ("ROFR"). The ROFR shall provide the Lender the first right to purchase the Property at the Fair Market Value, which shall be determined in accordance with the procedure set forth in Section 3. The Sales Price to the Lender shall be the Fair Market Value so determined, less the Principal Sum due under this Note and the percentage of Net Appreciation, as set forth in the tables provided in Section 3. The Lender shall have twenty (20) days following receipt of Borrower's written offer of the ROFR to accept or reject such offer by serving Borrower with written notice of Lender's decision. If Lender rejects the ROFR offer or fails to accept or reject the ROFR offer within such twenty (20) day period, then such failure or rejection shall be deemed an irrevocable rejection of the ROFR offer and the ROFR offer shall expire and be of no further force or effect,

and Borrower shall thereafter have the right to effect a Sale or Transfer of the Property to any third party, which shall trigger the Net Appreciation requirement and other payments to Lender under Section 3.

If Lender accepts in writing the ROFR offer within the twenty (20) day period following Borrower's service of the ROFR offer, then within twenty (20) days after Lender's acceptance of the ROFR a sales escrow shall be opened and closed as soon as practical but not later than sixty (60) calendar days after receipt of Borrower's notice of intent to transfer. Funds will be disbursed upon closing of escrow. Borrower and Lender shall execute a purchase and sale agreement in standard form acceptable to the Lender. If the Lender exercises its option to purchase yet does not close escrow within the sixty (60) day period, the ROFR shall automatically terminate. However, if escrow does not close for reasons beyond the Lender's control, then the ROFR will not terminate.

5. DEFAULTS AND LENDER'S REMEDIES.

Each of the following shall be a "default" under this Note:

- (A) Borrower's failure or delay to make any timely payment of principal or interest when due under this Note, or satisfy any other monetary obligation under this Note, the Loan Reservation Agreement executed in connection herewith (the "Loan Agreement") or the Deed of Trust (this Note, the Loan Agreement and the Deed of Trust collectively, the "Loan Documents");
- (B) Borrower's failure or delay in performing any other term or provision of this Note;
- (C) Borrower's failure to occupy the Property in accordance with the nondiscrimination and affordability restrictions set forth in the Deed of Trust, which, as more particularly provided therein, restrict occupancy of the Property to lower income persons having household incomes no greater than 100 percent of area median income as determined from time to time by the U.S. Department of Housing and Urban Development (HUD);
- (D) Borrower's failure or delay in performing any term or provision (not otherwise described in (A) through (C) above) of the Loan Documents;
- (E) Borrower's default under its obligations to the holder of any other lien or encumbrance recorded against the Property;
- (F) Borrower becomes insolvent or the subject of any bankruptcy or other voluntary or involuntary proceeding for the adjustment of debtor-creditor relationships, and in the case of any involuntary proceeding, such proceeding is not dismissed within ninety (90) days;
- (G) Borrower intentionally or fraudulently misrepresented income information submitted to Lender under the Loan Documents, or any application materials provided to Lender in connection therewith.

Upon the occurrence of a “default,” the Lender, prior to acceleration, shall give notice to Borrower as provided in Section 15 (the “Notice”) hereof specifying:

- (a) the default;
- (b) the action required to cure such default, if curable;
- (c) a date, not less than ten (10) days from the date the Notice is mailed to Borrower, by which such default must be cured (provided that with respect to any default described in items (B), (D) and (E), Borrower shall be given thirty (30) days from the date the Notice is mailed to Borrower to cure such default; provided further, however, if any such default is reasonably curable, but requires more than thirty (30) days to cure, Borrower shall be given such longer period if, immediately after Borrower’s receipt of the Notice, Borrower commences to promptly cure such default and thereafter diligently pursues such cure to completion (in any event within 120 days); and
- (d) that failure to cure such breach on or before the date specified in the Notice may result in acceleration of the sums due under this Note and a sale of the Property.

The Notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or any other defense of Borrower to acceleration and sale.

If the default is not cured on or before the time specified in the Notice, the Lender, at its option, may declare all of the sums due under this Note to be immediately due and payable without further demand and may invoke under its Deed of Trust the power of sale and any other remedies permitted by applicable law. As otherwise provided in Section 9 hereof, Lender shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Section 5, including but not limited to, reasonable attorneys’ fees.

NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS SECTION 5, IN THE EVENT BORROWER IS IN DEFAULT OF THIS NOTE UNDER ITEMS (C) AND (G) ABOVE (AND IN THE CASE OF (C), BORROWER DOES NOT DILIGENTLY PURSUE CURE OF SUCH DEFAULT BY LISTING THE PROPERTY FOR SALE AND ACCEPTING ANY OFFER TO PURCHASE THE PROPERTY AT OR IN EXCESS OF THE FAIR MARKET VALUE DETERMINED BY LENDER IN ACCORDANCE WITH THIS SECTION 5), THE PARTIES AGREE THAT THE LENDER WILL SUSTAIN DAMAGES BY REASON THEREOF WHICH WOULD BE UNCERTAIN. BORROWER AND LENDER FURTHER AGREE THAT THE AMOUNTS CALCULATED AS HEREINAFTER SET FORTH SHALL BE PAID AND DELIVERED TO THE LENDER AS LIQUIDATED DAMAGES. SUCH DAMAGES WOULD INVOLVE SUCH VARIABLE FACTORS AS THE FRUSTRATION OF THE PROGRAM OBJECTIVES AND THE LOSS OF PROGRAM FUNDS AVAILABLE TO ASSIST ELIGIBLE PERSONS AND FAMILIES PURSUANT TO THE PROGRAM RESULTING IN DAMAGE AND LOSS TO THE LENDER. IT IS IMPRACTICABLE AND EXTREMELY DIFFICULT TO FIX THE AMOUNT OF SUCH DAMAGES TO THE

LENDER, BUT THE PARTIES ARE OF THE OPINION, UPON THE BASIS OF ALL INFORMATION AVAILABLE TO THEM, THAT SUCH DAMAGES WOULD APPROXIMATELY EQUAL THE AMOUNT SPECIFIED FOR "YEAR 1" IN THE NET APPRECIATION TABLE SHOWN IN SECTION 3 OF THIS NOTE. THE PARTIES AGREE THAT SUCH LIQUIDATED AND AGREED DAMAGES SHALL BE PAID IN LIEU OF (AND NOT IN ADDITION TO) THE NET APPRECIATION PERCENTAGE AMOUNTS TO BE PAID PURSUANT TO SECTION 3 OF THIS NOTE (BUT THAT SUCH LIQUIDATED DAMAGES SHALL IN ANY EVENT BE IN ADDITION TO THE AMOUNT OF THE PRINCIPAL SUM WHICH IS DUE AND PAYABLE AS A RESULT OF SUCH DEFAULT, AND SHALL IN NO WAY IMPAIR LENDER'S RIGHTS TO EXERCISE A POWER OF SALE OR FORECLOSE UNDER THE DEED OF TRUST IN ORDER TO COLLECT THE PRINCIPAL SUM AND ANY OTHER SUMS PAYABLE HEREUNDER) AND THAT SUCH LIQUIDATED AND AGREED DAMAGES SHALL BE DUE AND PAYABLE TO THE LENDER SIXTY (60) DAYS AFTER THE OCCURRENCE OF A DEFAULT SPECIFIED HEREIN THAT IS NOT SOONER CURED, BUT NO LATER THAN REPAYMENT OF THE NOTE.

BORROWER SPECIFICALLY ACKNOWLEDGES THIS LIQUIDATED DAMAGES PROVISION BY ITS INITIALS BELOW:

BORROWER

6. PREPAYMENT. Borrower shall have the right at any time to repay this Note, provided that any prepayment must be in full and not in part. The amount payable in full by Borrower shall be the sum of (i) the Principal Sum, and (ii) the applicable Net Appreciation Percentage payment described in Section 3 above.

7. SECURITY. This Note is secured by the Deed of Trust of even date herewith.

8. JOINT AND SEVERAL. The undersigned, if more than one, shall be jointly and severally liable hereunder.

9. ATTORNEYS FEES. If any default is made hereunder, Borrower further promises to pay reasonable attorney fees and costs and expenses incurred by the Lender in connection with any such default or any other action or other proceeding brought to enforce any of the provisions of this Note. The Lender's right to such fees shall not be limited to or by its representation by staff counsel, and such representation shall be valued at customary and reasonable rates for private sector legal services.

10. TIME. Time is of the essence herein.

11. AMENDMENTS. This Note may not be modified or amended except by an instrument in writing executed by the parties to be bound thereby.

12. SEVERABILITY. The covenants of this Note are severable. Invalidation of any covenant or any part thereof by law, judgment, or court order shall not affect any other covenants.

13. PLACE OF PAYMENT. Borrower will make payment of all amounts due to Lender under this Note to Lender at 2 Coral Circle, Monterey Park, California 91755, or such other address as Lender may designate in writing to Borrower.

14. BORROWER'S WAIVERS. Borrower waives any rights to require the Lender to do certain things. Those things are: (A) to demand payment of amounts due (known as "presentment"); (B) to give notice that amounts due have not been paid (known as "notice of dishonor"); and (C) to obtain an official certification of nonpayment (known as a "protest").

15. GIVING OF NOTICE. Any notice given to Borrower under this Note shall be given by personally delivering it or by mailing it certified mail, postage prepaid, return receipt requested, addressed to Borrower at the address specified below. A notice will be delivered or mailed to Borrower at a different address if Borrower gives the Lender written notice of Borrower's different address. Any notice given to the Lender under this Note shall be given by personal delivery or by mailing it certified mail, postage prepaid, return receipt requested, to the address specified below. A notice will be mailed to the Lender at a different address if Borrower is given a written notice of that different address.

If to Lender: Community Development Commission of the County of Los Angeles
2 Coral Circle
Monterey Park, California 91755-7425
Attn: Executive Director

With a copy to: Community Development Commission of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Director of Housing Development and Preservation

If to Borrower: To the Property address stated on Page 1 above.

16. DEFAULT INTEREST. In the event that any amounts which Borrower is obligated to pay Lender under the terms of this Note are not paid when due, such amounts shall thereafter bear interest at an annual rate of five percent (5%) (the "Default Rate").

17. LENDER MAY ASSIGN. Lender may, at its option, assign its right to receive payment under this Note without necessity of obtaining the consent of the Borrower.

18. BORROWER ASSIGNMENT PROHIBITED. In no event shall Borrower assign or transfer any portion of this Note without the prior express written consent of the Lender. This consent may be given or withheld in the Lender's sole discretion. This Section 18 shall not affect or diminish the Lender's right to assign all or any portion of its rights to the loan proceeds hereunder.

19. SUCCESSORS BOUND. This Note shall be binding upon the parties hereto and their respective heirs, devisees, successors and assigns. Lender includes any successor or assign of Lender.

IN WITNESS WHEREOF, the undersigned have executed this instrument as of the date first written above.

BORROWER

BORROWER

EXHIBIT “N”

TERTIARY UNIT DEED OF TRUST

OFFICIAL BUSINESS

Document entitled to free
recording per Govt. Code
Section 6103.

Recording Requested by and
When Recorded Mail To:

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES
2 Coral Circle
Monterey Park, CA 91755-7425
Attn.: Director of Housing
Development and Preservation

(SPACE ABOVE LINE FOR RECORDER'S USE)

**THIS DEED OF TRUST INCLUDES USE, AFFORDABILITY AND RESALE
RESTRICTIONS**

DEED OF TRUST

This DEED OF TRUST is made this _____ day of _____, 2003, by and among (Buyer(s)) _____ (herein, "Trustor"), (Title Company) _____ (herein "Trustee"), and the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic (herein "Beneficiary"), whose address is Two Coral Circle, Monterey Park, California 91755.

Trustor, for good and valuable consideration and in consideration of the indebtedness herein recited and the trust herein created, irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in the County of Los Angeles, State of California:

[See attached Exhibit "A"]

which has the address of 1558 East 117th Street, Willowbrook, California (herein "Property Address");

TOGETHER, with all the improvements now and hereafter erected on the Property, and all easements, rights, appurtenances and rents and income received from the Property (subject, however, to the rights and authorities given herein to Beneficiary to collect and apply such rents), all of which shall be deemed to be and remain part of the Property covered by this Deed of Trust; and all of the foregoing, together with said Property (or the leasehold estate if this Deed of Trust is on a leasehold) are herein collectively referred to as the "Property".

The Deed of Trust secures performance of all of Trustor's covenants and agreements under the Loan Reservation Agreement dated _____, 2003, by and between Trustor and Beneficiary (herein "Reservation Agreement") and the Promissory Note in the principal sum of: _____ Dollars (\$_____) (herein "Note") executed by Trustor in favor of Beneficiary dated _____, 2003, and extensions and renewals thereof, and the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Deed of Trust.

Trustor covenants that Trustor is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property, and that Trustor is unencumbered except for encumbrances of record. Trustor covenants that Trustor warrants and will defend generally the title to the Property against all claims and demands, subject to encumbrances of record.

UNIFORM COVENANTS

Trustor covenants and agrees as follows:

1. Funds for Taxes and Insurance. To protect the security of this Deed of Trust, Trustor agrees to pay, at least ten (10) days before delinquency, all taxes and assessments affecting the Property, including but not limited to assessments on appurtenant water stock, when due, and all encumbrances, charges and liens, with interest, on the Property or any part thereof.

2. Prior Mortgagees and Deeds of Trust; Charges, Liens. Trustor shall perform all of Trustor's obligations under any mortgage, deed of trust, CC&Rs or other lien or encumbrance on the Property. Trustor shall pay or cause to be paid all taxes, assessments and other charges, rents, fines and impositions attributable to the Property.

3. Hazard Insurance. Trustor shall keep the improvement(s) now existing or hereinafter erected on the Property insured against loss by fire hazards included within the terms extended coverage, and such other hazards as Beneficiary may require and in such amounts and for such periods as Beneficiary may require.

All insurance policies and renewals thereof shall be in a form acceptable to Beneficiary and shall include a standard mortgage clause in favor of and in a form acceptable to Beneficiary. Beneficiary has the right to hold the policies and renewals thereof, subject to the terms of any mortgage, deed of trust or other security agreement with a lien, which has priority over this Deed of Trust.

In the event of loss, Trustor shall give prompt notice to the insurance carrier and Beneficiary. Beneficiary may make proof of loss if not made promptly by Trustor.

If the Property is abandoned by Trustor, or if Trustor fails to respond to Beneficiary within thirty (30) days from the date notice is mailed by Beneficiary to Trustor that the insurance carrier offers to settle a claim for insurance benefits, Beneficiary is authorized to collect and apply the insurance proceeds at Beneficiary's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

4. Preservation and Maintenance of Property. Trustor shall maintain the housing in compliance with the Housing Quality Standards designated by Beneficiary from time to time and the County Housing Code for the duration of occupancy. Trustor will keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property. If this Deed of Trust is on a unit in a condominium or planned unit development, Trustor shall perform all of Trustor's obligations under the declaration of covenants, conditions and restrictions creating or governing the condominium or planned unit development, the bylaws and regulations of the condominium or planned unit development, and constituent documents.

5. Protection of Beneficiary Security. If Trustor fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects Beneficiary's interest in the Property, then Beneficiary, at Beneficiary's option, upon notice to Trustor, may make such appearances, disburse such sums including reasonable attorneys' fees, and take such action as is necessary to protect Beneficiary's interest.

Any amounts disbursed by Beneficiary pursuant to this paragraph, with interest thereon, at the default rate of five percent (5%), will become additional indebtedness of Trustor secured by this Deed of Trust. Unless Trustor and Beneficiary agree to other terms of payment, such amounts will be payable upon notice from Beneficiary to Trustor requesting payment thereof. Nothing contained in this paragraph will require Beneficiary to incur any expense or take any action hereunder.

6. Inspection. Beneficiary may make or cause to be made reasonable entries upon and inspections of the Property, provided that Beneficiary will give Trustor notice prior to any such inspection, specifying reasonable cause therefor related to Beneficiary's interest in the Property.

7. Condemnation. The proceeds of any award of claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Beneficiary subject to the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust.

8. Trustor Not Released: Forbearance by Beneficiary Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Beneficiary to any successor-in-interest of Trustor shall not operate to release, in any manner, the liability of the original Trustor and Trustor's successors in interest. Beneficiary shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Trustor and Trustor's successors-in-interest. Any forbearance by Beneficiary in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

9. Successors and Assigns Bound, Joint and Several Liability; Co-Signers. The covenants and agreements herein contained shall bind the respective successors and assigns of Beneficiary and Trustor. All covenants and agreements of Trustor shall be joint and several.

10. Notice. Except for any notice required under applicable law to be given in another manner:

(a) any notice to Trustor provided for in this Deed of Trust shall be given by delivering it or by mailing such notice by certified mail, return receipt requested, addressed to Trustor at the Property address or such other address as Trustor may designate by notice to Beneficiary as provided herein; and,

(b) any notice to Beneficiary will be given by certified mail, return receipt requested, to Beneficiary's address as set forth below or to such other address as Beneficiary may designate by notice to Trustor as provided herein.

To Beneficiary: Community Development Commission
of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Executive Director

With a copy to: Community Development Commission
of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Director of Housing Development and Preservation

Any Notice provided for in this Deed of Trust shall be deemed to have been given to Trustor or Beneficiary when given in the manner designated herein.

11. Governing Law, Severability. The state of California and local laws applicable to this Deed of Trust shall be the laws of the jurisdiction in which the Property is located. The foregoing sentence shall not limit the applicability of federal law to this Deed of Trust. In the event that any provision or clause of this Deed of Trust or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision and, to this end, the provisions of this Deed of Trust and the Note are declared to be severable. As used herein, "costs", "expenses" and "attorneys' fees" include all sums to the extent not prohibited by applicable law or limited herein.

12. Trustor's Copy. Trustor shall be furnished a conformed copy of the Note and this Deed of Trust at the time of execution or after recordation hereof.

13. Right of First Refusal (ROFR). In the event Trustor should choose to sell or transfer the Property, the Beneficiary shall, in any and all circumstances, retain the Right of First Refusal ("ROFR") as provided in Section 4 of the Note.

14. Acceleration and Appreciation Share Due on Transfer or Other Event. On the Due Date (as defined in the Note) and in accordance with the tables set forth in Section 3 of the Note, Trustor shall pay to Beneficiary the outstanding principal amount of the Note, plus the percentage of the Net Appreciation (as that term is defined in the Note). As more particularly described in the Note, the Due Date occurs on the earliest of the following: (i) the date of the first sale, transfer or encumbrance of the Property; (ii) the refinancing of the first lien on the Property for a loan amount in excess of the then current loan balance secured by the first lien; (iii) the close of a probate estate following the death of Trustor (unless Trustor is more than one person and one or more of the other people comprising Trustor survives); and (iv) the date on which Beneficiary accelerates all sums due under the Note as a result of a default by Trustor.

15. Acceleration, Remedies. Upon Trustor's default of any covenants or agreements of Trustor in this Deed of Trust, including the covenants to pay when due any sums due under the Note and secured by this Deed of Trust, Beneficiary, prior to acceleration, shall give notice to Trustor as provided in Section 10 (the "Notice") hereof specifying:

(a) the default;

(b) the action required to cure such default;

(c) a date, not less than ten (10) days from the date the Notice is mailed to Trustor, by which such breach must be cured (provided that with respect to any default described in items (B), (D) and (E), Trustor shall be given thirty (30) days from the date the Notice is mailed to Trustor to cure such default; provided further, however, if any such default requires more than thirty (30) days to cure, Trustor shall be given such longer period if, immediately after Trustor's receipt of the Notice, Trustor commences to promptly cure such default and thereafter diligently pursues such cure to completion } in any event within 120 days from the date of the Notice); and

(d) that failure to cure such breach on or before the date specified in the Notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property.

The Notice shall further inform Trustor of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or any other defense of Trustor to acceleration and sale.

If the default is not cured on or before the time specified in the Notice, Beneficiary, at Beneficiary's option, may declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale by the Trustor, foreclosure and/or any other remedies permitted by applicable law. Beneficiary shall be

entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Section 15, including but not limited to, reasonable attorneys' fees.

16. Defaults.

Each of the following shall be a "default" under this Deed of Trust:

(a) Trustor's failure or delay to make any timely payment of principal or interest when due under the Note, or satisfy any other monetary obligation under the Note, the Loan Reservation Agreement or this Deed of Trust (collectively, the "Loan Documents");

(b) Trustor's failure or delay in performing any other term or provision of the Note;

(c) Trustor's sale, transfer or encumbrance of the Property, except in full accordance with the Note and this Deed of Trust;

(d) Trustor's failure or delay in performing any term or provision (not otherwise described in (a) through (c) above) of the Loan Documents;

(e) Trustor's default under its obligations to the holder of the First Deed of Trust recorded against the Property;

(f) Trustor becomes insolvent or the subject of any bankruptcy or other voluntary or involuntary proceeding for the adjustment of debtor-creditor relationships, and in the case of any involuntary proceeding, such proceeding is not dismissed within ninety (90) days; and

(g) Trustor intentionally or fraudulently misrepresented income information submitted to Beneficiary under the Loan Documents, or any application and supporting information provided to Beneficiary in connection therewith.

17. Trustor's Right to Reinstate. Notwithstanding Beneficiary's acceleration of the sums secured by this Deed of Trust due to Trustor's default, Trustor shall have the right to have any proceedings begun by Beneficiary to enforce this Deed of Trust discontinued at any time prior to five (5) days before the sale of the Property pursuant to the power of sale contained in this Deed of Trust or at any time prior to entry of a judgment enforcing this Deed of Trust if:

(a) Trustor pays Beneficiary all sums which would then be due under this Deed of Trust and the Note had no acceleration occurred;

(b) Trustor cures all breaches of any other covenants or agreements of Trustor contained in this Deed of Trust; and/or the Note;

(c) Trustor pays all reasonable expenses incurred by Beneficiary and Trustor in enforcing the covenants and agreements of Trustor contained in this Deed of Trust and

in enforcing remedies as provided in paragraph 15 hereof, including, but not limited to, reasonable attorneys' fees; and

(d) Trustor takes such action as Beneficiary may reasonably require to assure that the lien of this Deed of Trust, Beneficiary's interest in the Property and Trustor's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired.

Upon such payment and cure by Trustor, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred. The parties hereby acknowledge that no cure or reinstatement opportunity shall apply in the event of a sale, transfer or encumbrance of the Property not in conformity with the requirements of the Note and this Deed of Trust, unless the sale, transfer or encumbrance is canceled by mutual agreement of the parties thereto within 15 days of Beneficiary's obtaining knowledge thereof.

18. Assignment of Rents; Appointment of Receiver; Beneficiary in Possession; Power of Sale. As additional security hereunder, Trustor hereby assigns to Beneficiary the rents and income of the Property, provided that Trustor shall, prior to acceleration under paragraph 15 hereof or abandonment of the Property, have the right to collect and retain such rents and income as they become due and payable.

Upon acceleration under paragraph 15 hereof or abandonment of the Property, Beneficiary, in person, by agent or by judicially appointed receiver shall be entitled to enter upon, take possession of and manage the Property and to collect the rents and income of the Property including those past due. All rents collected by Beneficiary or the receiver shall be applied first to payment of the cost of management of the Property and collection or rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Deed of Trust. Beneficiary and the receiver shall be liable to account only for those rents and income actually received.

Following acceleration under paragraph 15 hereof, and after the giving of such notices and the lapse of such time as may then be required by law following the recordation of a notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the Property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: first, all sums expended by the Beneficiary under the terms hereof or under the Note, not then repaid, with

accrued interest; second, all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

19. Reconveyance. Upon payment of all sums secured by this Deed of Trust, Beneficiary shall request Trustor to reconvey the Property and will surrender this Deed of Trust and the Note evidencing indebtedness secured by this Deed of Trust to Trustor. Trustor shall reconvey the Property without warranty and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any.

20. Subordination. Beneficiary and Trustor acknowledge and agree that this Deed of Trust is subject and subordinate in all respects to the liens, terms, covenants and conditions of the first deed of trust recorded against the Property (the "First Deed of Trust") and to all advances heretofore made or which may hereafter be made pursuant to the First Deed of Trust including all sums advanced for the purpose of protecting or further securing the lien of the First Deed of Trust, curing defaults by Trustor under the First Deed of Trust or for any other purpose expressly permitted by the First Deed of Trust. The terms and provisions of the First Deed of Trust are paramount and controlling, and they supersede any other terms and provisions hereof in conflict therewith. In the event of a foreclosure or deed in lieu of foreclosure of the First Deed of Trust, or upon assignment of the First Deed of Trust to HUD, any provisions herein or any provisions in any other collateral agreement restricting the use of the Property to lower income households or otherwise restricting the Trustor's ability to sell the Property shall have no further force or effect on subsequent owners or purchasers of the Property. Any person, including his successors or assigns (other than Trustor or a related entity of Trustor), receiving title to the Property through a foreclosure or deed in lieu of foreclosure of the First Deed of Trust shall receive title to the Property free and clear from such restrictions.

Further, if the holder of the First Deed of Trust acquires title to the Property pursuant to a deed in lieu of foreclosure, the lien of this Deed of Trust shall automatically terminate upon the senior lien holder's acquisition of title.

In connection with the subordination provided in this Section 20, Beneficiary specifically finds and determines that an economically feasible alternative method of financing, refinancing, or assisting the units or parcels on substantially comparable terms and conditions, but without subordination, is not reasonably available.

21. Substitute Trustor. Beneficiary, at Beneficiary's option, may from time to time appoint a successor Trustor to any Trustor appointment hereunder by an instrument executed and acknowledged by Beneficiary and recorded in the office of the Recorder of the county where the Property is located. The instrument shall contain the name of the original lender, Trustor and successor Trustor, the book and page where this instrument is recorded, and the name and address of the successor Trustor. The successor Trustor shall, without conveyance of the Property, succeed to all the title, power and duties conferred upon Trustor herein and by applicable law. This procedure for substitution of Trustor shall govern to the exclusion of all other provisions for substitution.

22. Request for Notices. Trustor requests that copies of the notice of sale be sent to Trustor's address which is the Property address.

23. Statement of Obligation. Beneficiary may charge a fee not to exceed Sixty Dollars (\$60.00) for furnishing the statement of obligation as provided by Section 2943 of the Civil Code of California.

24. Warranties of Trustor. Trustor represents, warrants and covenants to Beneficiary as follows:

(a) That Trustor's annual household gross income does not exceed one hundred percent (100%) of the Area Median Income (as defined below), on the later of:

(1) the date of Trustor's initial occupancy of the Property; or

(2) the date of the recordation of this Deed of Trust.

(b) That for so long as Trustor owns the Property (or 45 years from the date hereof, whichever period is shorter), Trustor will reside in the Property as Trustor's principal place of residence.

"Area Median Income" shall mean the median income for the Los Angeles/Long Beach area, adjusted for household size, and as defined and periodically adjusted by the United States Department of Housing and Urban Development (HUD), or any successor entity designated under state law as responsible for establishing such area median income.

25. Nondiscrimination. Trustor covenants by and for itself, its successors and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall Trustor itself or any person claiming under or through Trustor, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property.

26. Foreclosure by Holder of Senior Deed of Trust. This Deed of Trust is subordinate to any first deed of trust or mortgage on the Property made by or held by an institutional lender or investor. Any party, and its successors and assigns, receiving title to the Property through a Trustor's sale, a judicial foreclosure sale or deed in lieu of foreclosure of such deed of trust or mortgage, and any conveyance, including assignment of the First Deed of Trust to HUD, or transfer thereafter, shall receive title free and clear of the provisions of this Deed of Trust and the Restrictions.

Note: The restrictions imposed by this Deed of Trust must terminate upon acceptance of a Deed in Lieu of foreclosure or foreclosure of the first mortgage, and may not reattach to the Property upon resale of the Property.

Date: _____

Trustor

Beneficiary requests that copies of any notice of default and any notice of sale under any deed of trust or mortgage which has priority over this Deed of Trust from the holder of any lien which has priority over this Deed of Trust be sent to Beneficiary's address as set forth on page 1 of this Deed of Trust, as provided by Section 2924(b) of the Civil Code of California.

[illegible]

WITNESS my hand and official seal.

11

Exhibit "A"

LEGAL DESCRIPTION OF PROPERTY

Lot 24 in Block 9 of Tract No. 5018, in the County of Los Angeles, State of California, as per map recorded in Book 54 page(s) 21 of Maps, in the Office of the County Recorder of said county.

EXHIBIT "O"

HOME PROGRAM REQUIREMENTS

SUMMARY OF FEDERAL PROGRAM REQUIREMENTS

All developments which are assisted using HOME program funds must comply with all of the following federal laws, executive orders, and regulations pertaining to fair housing and equal opportunity, as set forth in 24 CFR part 5, subpart A.

Title VI of the Civil Rights Act of 1964, As Amended (42 U.S.C. 2000d) -- States that no person may be excluded from participation in, denied the benefits of, or subjected to discrimination under any program or activity receiving federal financial assistance on the basis of race, color, or national origin. Its implementing regulations may be found in 28 CFR Part 1.

Title VIII of the Civil Rights Act of 1968, As Amended "the Fair Housing Act" (42 U.S.C. 3601) -- Prohibits discrimination in the sale or rent of units in the private housing market against any person on the basis of race, color, religion, sex, national origin, familial status or handicap. Its implementing regulations may be found in 24 CFR Part 100-115.

Equal Opportunity in Housing (Executive Order 11063, As Amended by Executive Order 12259) -- Prohibits discrimination in housing or residential property financing related to any federally assisted activity against individuals on the basis of race, color, religion, sex or national origin. Implementing regulations may be found in 24 CFR part 107.

Architectural Barriers Act of 1968, As Amended (42 U.S.C. 4151) -- States that public (I.e., those intended to be accessible to the general public) buildings and conveyances financed with federal funds are designed, constructed, or altered to provide accessibility to the physically handicapped. Implementing regulations are found in 35 CFR Part 1190.

Age Discrimination Act of 1975, As Amended (42 U.S.C. 6101) -- Prohibits age discrimination in programs receiving federal financial assistance. Its implementing regulations may be found in 24 CFR Part 146.

Equal Employment Opportunity, Executive Order 11246, As Amended -- Prohibits discrimination against any employee or applicant for employment because of race, color, religion, sex, or national origin. Provisions to effectuate this prohibition must be included in all construction contracts exceeding \$10,000. Implementing regulations may be found at 41 CFR Part 60.

HOME PROGRAM TENANT MONITORING

All HOME projects must comply with the tenant monitoring procedures established by the Commission in compliance with the HOME Program pursuant to 24 CFR Part 92 Sections 252 and 253.

AFFIRMATIVE MARKETING

Use of the Fair Housing logo, or equal opportunity language.

A description of what the developer will do to affirmatively market housing assisted with HOME funds.

A description of what developer will do to inform persons not likely to apply for housing without special outreach.

Maintenance of records to document actions taken to affirmatively market HOME-assisted units and to assess marketing effectiveness.

Description of how efforts will be assessed and what corrective actions will be taken where requirements are not met.

SUMMARY OF FEDERAL PROGRAM REQUIREMENTS

WHAT SECTION 504 REQUIRES

Remove Physical Barriers

The usual standards for ensuring compliance with Section 504 are the Uniform Federal Accessibility Standards (UFAS), although deviations are permitted in specific circumstances.

Provide Program Accessibility

Individuals with handicaps must be able to find out about, apply for and participate in federally-assisted programs or activities.

Special communication systems may be needed for outreach and ongoing communication (e.g. Telecommunications Device for the Deaf (TDD); materials on tape or in Braille; accessible locations for activities and meetings).

Policies and procedures must be non-discriminatory (e.g., housing providers cannot ask people with handicaps questions not asked of all applicants, screen individuals with handicaps differently or assess an individual's ability to live independently).

Make Employment Accessible

Employers must not discriminate (e.g. cannot ask questions not asked of all applicants; cannot require physical examinations before making a job offer).

Employers must remove physical and administrative barriers to employment.

Employers must make reasonable accommodations for individuals with known handicaps (e.g., job restructuring; providing readers or sign interpreters; making facilities accessible).

Meet Administrative Requirements

If recipient(s) or sub recipient(s) have 15 or more employees, they must:

- Designate a Section 504 Coordinator.
- Notify program participants and employees of non-discrimination policies.

All recipients and sub recipients must conduct self-evaluations of compliance with Section 504.

COMMUNITY BUSINESS ENTERPRISE

Executive Orders 11625, 12432, and 12138 (Community Business Enterprise)

Developer must prescribe procedures acceptable to HUD for a minority outreach program to ensure the inclusion, to the maximum extent possible, of minorities and women and entities owned by minorities and women in all contracts. See 24 CFR 85.36(e) of which its appendices provide guidance from HUD on acceptable outreach practices.

SITE AND NEIGHBORHOOD STANDARDS

Housing provided through the HOME program must promote greater choice of housing opportunities. Specific rules are as follows:

HOME-provided housing must be suitable from the standpoint of facilitating and furthering full compliance with the Title VI of the Civil Rights Act - 1964, the Fair Housing Act, and Executive Order 11063.

EXHIBIT "P"

COMMISSION REQUIREMENTS

The Borrower agrees to comply with the following Commission requirements:

1. Termination for Improper Consideration

The Commission may, by written notice to the Borrower, immediately terminate the right of the Borrower to proceed under this Agreement if it is found that consideration, in any form, was offered or given by Borrower, either directly or through an intermediary, to any Commission officer, employee or agent with the intent of securing this Agreement or securing favorable treatment with respect to the award, amendment or extension of this Agreement or the making of any determinations with respect to the Borrower's performance pursuant to this Agreement. In the event of such termination, the Commission shall be entitled to pursue the same remedies against the Borrower as it could pursue in the event of default by the Borrower.

The Borrower shall immediately report any attempt by a Commission officer or employee to solicit such improper consideration. The report shall be made either to the Commission's Executive Director or his designee.

Among other items, such improper consideration may take the form of cash, discounts, service, the provision of travel or entertainment, or tangible gifts.

2. Confidentiality of Reports

The Borrower shall keep confidential all reports, information and data received, prepared or assembled pursuant to performance hereunder. Such information shall not be made available to any person, firm, corporation or entity without the prior written consent of the Commission.

3. Commission's Quality Assurance Plan

The Commission will evaluate Borrower's performance under this Agreement on not less than an annual basis. Such evaluation will include assessing Borrower's compliance with all contract terms and performance standards. Borrower deficiencies which Commission determines are severe or continuing and that may place performance of the Agreement in jeopardy, if not corrected, will be reported to the Board of Commissioners. The report will include improvement/corrective action measures taken by Commission and Borrower. If improvement does not occur consistent with the corrective measure, the Commission may terminate this Agreement or seek other remedies as specified in this Agreement.

4. Borrower's Warranty of Adherence to the Commission's Child Support Compliance Program

Borrower acknowledges that the Commission has established a goal of ensuring that all

individuals who benefit financially from the Commission through contract, are in compliance with their court-ordered child, family and spousal support obligations in order to mitigate the economic burden otherwise imposed upon Los Angeles County and its taxpayers.

Without limiting Borrower's duty under this Agreement to comply with all applicable provisions of law, Borrower warrants that it is now in compliance and shall during the term of this Agreement maintain compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or District Attorney Notices of Wage and Earnings Assignment for Child or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

5. Termination For Breach of Warranty to Maintain Compliance With the Commission's Child Support Compliance Program

Failure of Borrower to maintain compliance with the requirements set forth in Paragraph 4, "Borrower's Warranty of Adherence to the Commission's Child Support Compliance Program" shall constitute a default by Borrower under this Agreement. Without limiting the rights and remedies available to the Commission under any other provision of this Agreement, failure to cure such default within ninety (90) days of notice by the Los Angeles County Child Support Services Department (CSSD) shall be grounds upon which the Commission's Board of Commissioners may terminate this Agreement.

6. Post Most Wanted Delinquent Parents List

Borrower acknowledges that the Commission places a high priority on the enforcement of child support laws and the apprehension of child support evaders. Borrower understands that it is the Commission's policy to encourage Borrowers to voluntarily post an entitled "L.A.'s Most Wanted: Delinquent Parents" poster in a prominent position at Borrower's place of business. CSSD will supply Borrower with the poster to be used.

7. Independent Contractor

This Agreement does not, is not intended to, nor shall it be construed to create the relationship of agent, employee or joint venture between the Commission and the Borrower.

8. Drug-Free Workplace Act of the State of California

Borrower certifies under penalty of perjury under the laws of the State of California that the Borrower will comply with the requirements of the Drug-Free Workplace Act of 1990.

9. Compliance with Laws

The Borrower agrees to be bound by applicable federal, state and local laws, regulations, and directives as they pertain to the performance of this Agreement. If the compensation under this Agreement is in excess of \$100,000 then Borrower shall comply with applicable standards,

orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 18579h), section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency Regulations (40 CFR part 15).

The Borrower must obtain and present all relevant state and local insurance, training and licensing pursuant to services required within this Agreement.

Borrower shall comply with the following laws:

10. Civil Rights Act of 1964, Title VI (Non-discrimination in Federally Assisted Programs)

Borrower shall comply with the Civil Rights Act of 1964 Title VI which provides that no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

11. Section 109 of the Housing and Community Development Act of 1974

Borrower shall comply with Section 109 of the Housing and Community Development Act of 1974 which states that no person in the United States shall, on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title.

12. Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973

Borrower shall comply with the Age Discrimination Act of 1975 and section 504 of the Rehabilitation Act of 1973, which require that no person in the United States shall be excluded from participating in, denied the benefits of, or subject to discrimination under this Agreement on the basis of age or with respect to an otherwise qualified disabled individual.

13. Executive Order 11246 and 11375, Equal Opportunity in Employment (Non-discrimination in Employment by Government Contractors and Subcontractors)

Borrower shall comply with Executive Order 11246 and 11375, Equal Opportunity in Employment which requires that during the performance of this Agreement, the Borrower will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The Borrower will take affirmative action to ensure that applicants are employed, and that employees are treated fairly during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Borrower agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the non-discrimination clause.

The Borrower will, in all solicitations or advertisements for employees placed by or on behalf of

the Borrower, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

The Borrower will send to each labor union or representative of workers with which he has a collective bargaining Agreement or other contract or understanding, a notice to be provided by the agency of the Borrower's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment. The Borrower will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.

The Borrower will furnish all information and reports required by the Executive Order and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the Commission and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

In the event of Borrower's noncompliance with the non-discrimination clauses of this Agreement or with any of such rules, regulations or orders, this Agreement may be canceled, terminated or suspended in whole or in part and the Borrower may be declared ineligible for further Government contracts in accordance with procedures authorized in the Executive Orders and such other sanctions may be imposed and remedies invoked as provided in the Executive Order or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.

The Borrower will include the provisions of these paragraphs in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of the Executive Order No. 11246 of September 24, 1965, that such provisions will be binding upon each subcontractor or vendor. The Borrower will take such actions with respect to any subcontract or purchase order as the Commission may direct as a means of enforcing such provisions including sanctions for noncompliance, provided however, that in the event the Borrower becomes involved in, or is threatened with litigation by a subcontractor or vendor as a result of such direction by the Commission, the Borrower may request the United States to enter into such litigation to protect the interests of the United States.

14. Notice to Employees Regarding the Federal Earned Income Credit

Borrower shall notify its employees, and shall require each subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice 1015.

15. Use of Recycled-Content Paper Products

Borrower agrees to use recycled-content paper to the maximum extent possible on the Project to reduce the amount of solid waste deposited at the County landfills.

16. Borrower Responsibility and Debarment

- A. A responsible Borrower is a Borrower who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is the policy of the Commission to conduct business only with responsible Borrowers.
- B. The Borrower is hereby notified that if the Commission acquires information concerning the performance of the Borrower on this or other contracts which indicates that the Borrower is not responsible, the Commission may, in addition to other remedies provided in the contract, debar the Borrower from bidding on Commission contracts for a specified period of time not to exceed 3 years, and terminate any or all existing contracts the Borrower may have with the Commission.
- C. The Commission may debar a Borrower if the Board of Commissioners finds, in its discretion, that the Borrower has done any of the following: (1) violated any term of a contract with the County, the Commission or HACOLA, (2) committed any act or omission which negatively reflects on the Borrower's quality, fitness or capacity to perform a contract with the County, the Commission or HACOLA or any other public entity, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against the County, the Commission or HACOLA or any other public entity.
- D. If there is evidence that the Borrower may be subject to debarment, the Commission will notify the Borrower in writing of the evidence which is the basis for the proposed debarment and will advise the Borrower of the scheduled date for a debarment hearing before the Contractor Hearing Board.
- E. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Borrower and/or the Borrower's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a proposed decision, which shall contain a recommendation regarding whether the Borrower should be debarred, and, if so, the appropriate length of time of the debarment. If the Borrower fails to avail itself of the opportunity to submit evidence to the Contractor Hearing Board, the Borrower may be deemed to have waived all rights of appeal.
- F. A record of the hearing, the proposed decision and any other recommendation of the Contractor Hearing Board shall be presented to the Board of Commissioners. The Board of Commissioners shall have the right to modify, deny or adopt the proposed decision and recommendation of the Contractor Hearing Board.
- G. These terms shall also apply to subcontractors of Commission Borrowers.

17. Greater Avenues for Independence (GAIN) Program

Should Borrower require additional or replacement personnel after the effective date of this Agreement, Borrower shall give consideration for any such employment openings to

participants in the County's Department of Public Social Services' Greater Avenues for Independence (GAIN) Program who meet Borrower's minimum qualifications for the open position. The Borrower shall contact the County's GAIN Division at (626) 927-5354 for a list of GAIN participants by job category.

18. Barriers For the Disabled

The Project shall be developed to comply with all applicable federal, state and local requirements for access for disabled persons.

19. Lead-Based Paint

Borrower and its contractors and subcontractors shall not use lead-based paint in construction or maintenance of the Project. Borrower shall cause this provision to be incorporated in all contracts and subcontracts for work performed on the Site which involve the application of paint.

20. Notice To Employees Regarding The Safely Surrendered Baby Law

Borrower shall notify and provide to its employees, and shall require each subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is set forth in Exhibit U of this Agreement and is also available on the Internet at www.babysafela.org for printing purposes.

21. Borrower's Acknowledgment of the Commission's Commitment To The Safely Surrendered Baby Law

Borrower acknowledges that the Commission places a high priority on the implementation of the Safely Surrendered Baby Law. Borrower understands that it is the Commission's policy to encourage all Commission Borrowers to voluntarily post the "Safely Surrendered Baby Law" poster in a prominent position at the Borrower's place of business. Borrower will also encourage its Subcontractors, if any, to post this poster in a prominent position in the Subcontractor's place of business. The Department of Children and Family Services of the County of Los Angeles will supply Borrower with the poster to be used.

EXHIBIT "Q"

AFFIRMATIVE MARKETING PLAN

PURPOSE: To define advertising, community outreach, and homebuyer education approaches in order to attract qualified homebuyers, in accordance with HOME program requirements, included as Exhibit "O."

The WIN Project will use the following media types, with advertising efforts to begin **at the commencement of construction**:

- A. Newspapers of general circulation, including: The Wave, Los Angeles Watts Times, LA Opinion;
- B. Radio and/or television stations, local cable, KJLH radio if possible;
- C. Other types of media, including distribution of flyers in the neighborhood, use of neighborhood-oriented weekly newspapers, church-oriented channels, use of local real estate publications, use of the multiple listing service, and the World Wide Web.

Advertising will be aimed at the community at large, in a non-discriminatory fashion, while targeting underrepresented racial/ethnic groups.

The WIN Project will adopt the following guidelines with respect to the use of brochures, signs, and posters:

- A. Brochures will include a range of information which influence decisions regarding housing choice, e.g., price, proximity to schools, transportation, shopping and employment centers; the availability of public services and recreational facilities; the availability of medical facilities for disabled persons; the accessibility of the project as a whole and any design features for persons with disabilities.

The brochures will be consistent with the Fair Housing Advertising Guidelines, including display of the Equal Housing Opportunity logo and slogan; use of words, phrases, photographs; and human models. Brochures will be distributed throughout the community.

- B. HUD's Fair Housing Poster will be conspicuously displayed wherever sales and showings take place. The poster will be displayed in the house and at relevant real estate office(s).

The WIN Project will conduct community outreach to the following:

- A. Fair housing organizations, Neighborhood Housing, Cross Roads Housing, Accron Housing Counseling Center, Montebello Housing Development.
- B. Minority organizations, for example: American Citizens (LULAC), National Association for the Advancement of Colored People (NAACP), Urban League, women's organizations, civil rights groups, editors of majority-owned and minority-owned

newspapers.

- C. Local government agencies which are in a position to make referrals of potential home seekers to the project or subdivision.
- D. Local employment offices, employment centers, including large industrial and commercial employers, labor unions, hospitals and educational institutions.
- E. Organizations which advocate for individuals with disabilities or address issues relating to the housing needs of such individuals; organizations that advocate for families with children or address issues relating to their housing needs.

The WIN Project will comply with all applicable portions of the Americans with Disabilities Act, which requires that persons with disabilities must be able to access all sales offices for the project, as well as the offices of any first trust deed lenders for the project.

The WIN Project will refer homebuyers to neighborhood housing organizations, Bank of America, Wells Fargo Bank, Washington Mutual Bank and other agencies that have been certified to give homebuyer education. The low and moderate-income persons will benefit from the educational seminars that these organizations have to offer. A series of educational workshops will be conducted explaining the advantages of being a homeowner opposed to simply paying rent. The first-time home buyer will have the option to choose the lending institution of their choice.

EXHIBIT “R”

BOND DEFEASANCE LAND NOTE

EXHIBIT "R" TO LOAN AGREEMENT

BOND DEFEASANCE LAND NOTE

\$45,000

_____, 2003

For value received, the undersigned, The WIN Project, a California non-profit public benefit corporation ("Borrower") whose principal address is set forth hereinbelow, promises to pay to the order of the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("Commission") at Two Coral Circle, Monterey Park, California 91755-7425 (or to such designee and/or at such other address as the Commission may from time to time designate in writing), the principal sum of FORTY FIVE THOUSAND DOLLARS (\$45,000) (the "Loan"), plus accrued and unpaid interest as provided hereinbelow, and all other charges due hereunder, in accordance with the terms and conditions of that certain Disposition and Development Agreement dated as of _____, 2003, entered into between Borrower and the Commission (the "Agreement"), and the terms and conditions of this Promissory Note (this "Note"). As set forth in greater detail in the Agreement, the purpose of the Loan is to provide Borrower land in connection with a housing project ("Project" or "Assisted Unit") to be constructed on the Site.

1. Interest.

1.1 Basic Interest{tc \12 "1.1 Basic Interest}. Except as provided in Section 1.3 below, the disbursed and unpaid principal balance of the Loan shall bear interest at the rate of three percent (3 %) per annum, simple interest ("Basic Rate"), commencing on the date hereof, and ending on the date when all sums hereunder are paid. Interest shall be computed on the basis of actual number of days elapsed and a 360-day year. The interest accrued on the Loan, as described in this Section shall be waived by the Commission if the Assisted Unit is completed and is sold by the date specified in the Schedule of Performance. In the event of reasonable delay, the Commission may, in its absolute and sole discretion, allow an extension of this period. In the event that interest comes due, such interest shall be deducted from the Developer Fee paid to the Developer out of escrow.

1.2 Payment Dates and Amounts{tc \12 "1.2 Payment Dates and Amounts}. Absent a prepayment, an Event of Default or other event giving rise to an acceleration of sums due hereunder, Borrower shall repay all sums due under this Note as follows: At the sale of the Project, Borrower shall pay Commission (i) all interest accrued on the Loan from the date hereof until the date of such sale, unless such interest be waived as described in Section 1.2 above; and (ii) all other unpaid fees, charges and expenses assessed against the Borrower under this Note, the Agreement or the Deed of Trust from the date hereof to the date of such sale. The amount of Principal shall be reestablished based on an appraisal at the time of sale and such value shall convert to a Second Trust Deed between the Commission and the buyer of the Assisted Unit ("Homebuyer"). Receipt of this In- Lieu note by the Commission shall constitute repayment of the Principal on the Loan.

1.3 Default Rate 1.4 Repayment of Deferral; Deferral Interest; Default Rate. Any amounts (including but not limited to amounts of principal and interest on the Loan) which Borrower does not pay when due under the terms of the Agreement or this Note shall bear interest at the rate of ten percent (10%) per annum, simple interest ("Default Rate"), from the date due until the date paid.

1.4 Intentionally Omitted 1.5 Definition of Residual Receipts.

1.5 In addition to the payments provided in Section 1.1 above, Borrower shall pay to the Commission towards (but not to exceed) any outstanding amounts associated with the Loan: (a) no later than the date of close of escrow or other consummation of any Assignment other than a Minor Assignment, the Applicable Percentage of the Net Proceeds of such Assignment; and (b) no later than the recording of a Refinancing, fifty percent (50%) of the Net Refinancing Proceeds received from any such Refinancing.

A "Minor Assignment" shall mean any lease of an individual unit in the Project for occupancy by a residential tenant and in the ordinary course of business for operation of the Project.

"Applicable Percentage" shall mean fifty percent (50%); provided, however, that the term Applicable Percentage shall mean one hundred percent (100%) with respect to a payment on the Loan attributable in whole or in part to a condemnation of, or event of damage, destruction or casualty with respect to, the Site, the Project or any portion of either.

"Assignment" means any voluntary or involuntary conveyance, disposition, assignment, taking, casualty, encumbrance (other than a Refinancing as defined below or the creation of the Senior Financing or any other Project Loan or limited partner contribution, the proceeds of which are used solely for initial acquisition of the Site by Borrower or initial development of the Project), sublease, sale, license, concession, management agreement, operating agreement, transfer or similar transaction with respect to any direct or indirect interest or economic benefit of any person or entity in connection with the Project or the use or occupancy of the Site including, without limitation, any Transfer by Borrower of all or any portion of its rights under or interest in the Project or the Site, any change of ownership or control of Borrower, any condemnation or taking of the Site or the Project or any portion thereof, any event of damage to or destruction of the Site or the Project, any foreclosure of Borrower's interest in the Project or the Site, whether by judicial proceedings, or by virtue of any power contained in a deed of trust, indenture or other instrument creating a lien against the Site or the Property, or any assignment of Borrower's estate in the Project or the Site through, or in lieu of, foreclosure or other appropriate and bona fide proceedings in the nature thereof; provided, however, that the term "Assignment" as used herein shall not include bona fide transfers of an ownership interest in Borrower to any Affiliate of Borrower, so long as the consideration paid to the selling partner, member or shareholder on account of such transfer does not exceed the actual amount paid by such partner, member or shareholder for its ownership interest plus reimbursement for any out-of-pocket expenses incurred by such partner, member or shareholder in connection with its acquisition of such ownership interest.

"Net Proceeds" of an Assignment shall mean (1) the proceeds received, directly or indirectly, by Borrower or any Affiliate or constituent member or partner, or majority shareholder,

of Borrower or any Affiliate as a result of such Assignment, including, without limitation, cash, the amount of any monetary lien or encumbrance assumed or taken subject to by the assignee, the fair market value of any noncash consideration, including the present value of any promissory note received as part of the proceeds of such Assignment (such present value to be determined based upon a discount rate reasonably satisfactory to the Commission), the entire condemnation award or compensation payable to Borrower or any Affiliate or constituent member or partner, or majority shareholder, of Borrower or any Affiliate in connection with a condemnation or taking in eminent domain of any part of the Site or the Project or any interest therein, all insurance proceeds or awards payable to Borrower or any Affiliate or constituent member or partner or majority shareholder of Borrower or any Affiliate in connection with any damage to or destruction of the Site or the Project or any part thereof not used for project restoration; less (2) the sum of (i) the actual, documented and reasonable expenses of effecting such Assignment, including reasonable brokerage commissions, title insurance premiums, documentary transfer taxes, and reasonable attorneys' fees, in each case actually paid in connection with the Assignment (provided that no deduction shall be allowed for payments to an Affiliate of the person or entity making the Assignment which are in excess of the amount that would be paid for the same or equivalent services in an arms' length transaction between unrelated parties acting reasonably), and (ii) the amount of any proceeds of the Assignment paid (excluding voluntary payments) towards the then-outstanding balance of the Senior Financing. Notwithstanding anything above to the contrary, the permissible deductions for purposes of calculating the Net Proceeds of an Assignment shall not include any foreign, U.S., state or local income taxes, franchise taxes, or other taxes based on income.

"Refinancing" shall mean creation or substantial modification of a loan ("Project Loan") secured by an encumbrance on the Site, the Project, or any portion thereof. The term "Refinancing" shall not include the creation of the Senior Financing or any other Project Loan, the proceeds of which are used solely for initial acquisition of the Site by Borrower or initial development of the Project.

"Net Refinancing Proceeds" shall mean the gross face amount of the Project Loan obtained in connection with such Refinancing, after: (1) payment of the actual, documented and reasonable expenses of such Refinancing, including escrow fees, title policy expenses, legal expenses, survey fees, recording fees, commissions, and other usual and reasonable expenses of any such Refinancing (provided, that no deduction shall be allowed for payments in connection with such Refinancing which are in excess of the amounts that would be paid for the same or equivalent services in an arms' length transaction between unrelated parties acting reasonably); and (2) deduction of amounts repaid (excluding voluntary payments) in connection with the Refinancing towards amounts outstanding under the Senior Financing.

2. Acceleration{tc \l1 "2. Acceleration}.

Notwithstanding the payment terms set forth in Section 1 above, upon the occurrence of any "Event of Default" as set forth in Section 9 below, the entire outstanding principal balance of this Note, together with any outstanding interest and other amounts payable hereunder, shall, at the election of the Commission and upon notice to Borrower thereof become immediately due and payable without presentment, demand, protest or other notices of any kind, all of which are hereby waived by Borrower.

3. Prepayment; Application of Payments{tc \l1 "3. Prepayment; Application of Payments}.

At any time after the disbursement of the Loan proceeds, Borrower may prepay all or a portion of the unpaid principal amount of the Loan and accrued interest and any other sums outstanding without penalty. All payments, including any prepayments or funds received upon acceleration pursuant to Section 2 above, shall be applied first toward any outstanding costs of collection or other amounts (excluding Loan principal or interest thereon) due under this Note or the Agreement, then toward outstanding interest accrued at the Default Rate, if any, then toward outstanding interest accrued at the Basic Rate, if any, and finally toward the remaining principal balance under the Note.

4. Security and Source of Payment{tc \1 "4. Security and Source of Payment}.

Borrower's obligations under this Note and the Agreement shall, at all times during which any amount remains outstanding, be secured by the deed of trust ("Deed of Trust") of even date herewith, and of which the Commission is the beneficiary, recorded against Borrower's fee interest in the Site and the Project (collectively, the "Property"). The security interest in the Property granted to the Commission pursuant to the Deed of Trust shall be subordinate only to the Senior Financing and such exceptions to title shown in the title report for the Property which are approved in writing by the Commission. Except to the extent any Event of Default hereunder results directly or indirectly from any fraud or intentional and material misrepresentation by Borrower in connection with this Note, the Agreement or the Loan, the Loan is a nonrecourse obligation of Borrower and, in the event of the occurrence of an Event of Default, the Commission's only recourse under the Deed of Trust shall be against the Property, the proceeds thereof, the rents and other income arising from its use and occupancy as provided in the Deed of Trust, and any other collateral given to the Commission as security for repayment of the Loan.

5. Obligation of Borrower Unconditional{tc \1 "5. Obligation of Borrower Unconditional}.

The obligation of Borrower to repay the Loan and all accrued interest thereon and all other sums due thereunder shall be absolute and unconditional, and until such time as all of the outstanding principal of, interest on and all other sums due under, this Note shall have been fully paid, Borrower agrees that it: (a) will use the funds solely for the purposes set forth herein; and (b) will not terminate or suspend any payment or obligations under this Note, the Agreement, or any other document executed hereunder or in connection herewith for any cause, including without limitation, any acts or circumstances that may constitute failure of consideration, commercial frustration of purpose, or any duty, liability or obligation arising out of or in connection with this Note, the Agreement or any document executed hereunder or in connection herewith.

6. Purpose of Loan{tc \1 "6. Purpose of Loan}.

The Loan proceeds shall be used by Borrower only to provide construction financing for the housing development described in the Agreement. In no event shall Borrower use or otherwise invest the proceeds of the Loan except as expressly provided in this Note.

7. Covenants of Borrower{tc \l1 "7. Covenants of Borrower}.

As additional consideration for the making of the Loan by the Commission, Borrower covenants as follows:

7.1 Compliance with Agreement and Deed of Trust{tc \l2 "7.1 Compliance with Loan Agreement and Deed of Trust}. Borrower shall comply with all of its obligations under the Agreement and the Deed of Trust. Any amounts payable by Borrower under the Agreement or the Deed of Trust (other than amounts also payable hereunder) shall be deemed added to the principal amount of the Loan payable hereunder.

7.2 Other Loans{tc \l2 "7.2 Other Loans}. Borrower shall comply with all monetary and nonmonetary covenants associated with any loan secured by an interest in the Site or the Project. Borrower shall provide to the Commission a copy of any notice of default within five business days after receiving any notice of a default or alleged default of such covenants by Borrower, and Borrower shall promptly cure any such default and cooperate in permitting the Commission, to the extent the Commission in its sole discretion elects to do so, to cure or assist in curing the default. Any cost or expenditure incurred by the Commission in providing or assisting in such a cure shall be added to the outstanding principal amount of the Loan.

8. Assignment of this Note{tc \l1 "8. Assignment of this Note}.

This Note shall be assignable by Borrower only if Borrower obtains the prior express written consent of the Commission, which consent may be withheld by the Commission in its sole discretion. Notwithstanding anything to the contrary in this Note, no purported assignment of this Note and the Loan shall be effective if such assignment would violate the terms, conditions and restrictions of any Applicable Governmental Restrictions. The Commission's consent to such assignment shall be expressly conditioned upon (i) the assignee's execution of such documents as required by the Commission in its sole discretion, including, without limitation, any and all documents deemed necessary by the Commission to provide for said assignee's assumption of all of the obligations of Borrower hereunder and under the Loan Documents, and (ii) the Commission's approval of the financial and credit worthiness of such proposed assignee and the assignee's ability to perform all of the Borrower's covenants under this Note and the Agreement and any of the other Loan Documents. With respect to Projects funded through an allocation of state and/or federal low income housing tax credits, the Commission has pre-approved certain transfers as provided in the last paragraph of Section 14 of the Agreement.

9. Events of Default and Remedies{tc \l1 "9. Events of Default and Remedies}.

A. Borrower Events of Default{tc \l3 "A. Borrower Events of Default}. The occurrence of any of the following shall, after the giving of any notice and the expiration of any applicable cure period described therein, constitute an event of default by Borrower hereunder ("Event of Default"):

(1) The failure of Borrower to pay or perform any monetary covenant or obligation hereunder or under the terms of the Deed of Trust or the Agreement, without curing such failure within ten (10) days after the date such payment is due. Notwithstanding anything

herein to the contrary, the herein described cure period shall not apply to a failure by Borrower to timely repay the Loan at the Maturity Date of this Note;

(2) The failure of Borrower to perform any nonmonetary covenant or obligation hereunder or under or the Deed of Trust or the Agreement, without curing such failure within thirty (30) days after receipt of written notice of such default from the Commission (or from any party authorized by the Commission to deliver such notice as identified by the Commission in writing to Borrower) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency; provided, however, that if any default with respect to a nonmonetary obligation is such that it cannot be cured within a 30-day period, it shall be deemed cured if Borrower commences the cure within said 30-day period and diligently prosecutes such cure to completion thereafter with the cure completed in any event within 180 days after the notice. Notwithstanding anything herein to the contrary, the herein described notice cure periods shall not apply to any Event of Default described in Sections 9(A)(3) through 9(A)(8) below;

(3) The material falsity of any representation or breach of any warranty or covenant made by Borrower under the terms of this Note, the Agreement or the Deed of Trust;

(4) Borrower or any constituent member or partner, or majority shareholder, of Borrower shall (a) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of its property, (b) fail to pay or admit in writing its inability to pay its debts generally as they become due, (c) make a general assignment for the benefit of creditors, (d) be adjudicated a bankrupt or insolvent or (e) commence a voluntary case under the Federal bankruptcy laws of the United States of America or file a voluntary petition that is not withdrawn within ten (10) days of the filing thereof or answer seeking an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy or insolvency proceeding;

(5) If without the application, approval or consent of Borrower, a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, in respect of Borrower or any constituent member or partner or majority shareholder of Borrower, for an order for relief or an adjudication in bankruptcy, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of Borrower or of all or any substantial part of Borrower's assets, or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by Borrower, in good faith, the same shall (a) result in the entry of an order for relief or any such adjudication or appointment, or (b) continue undismissed, or pending and unstayed, for any period of ninety (90) consecutive days;

(6) Following completion of the construction of the Project, voluntary cessation of the operation of the Project for a continuous period of more than thirty (30) days or the involuntary cessation of the operation of the Project in accordance with this Note for a continuous period of more than sixty (60) days;

(7) Borrower shall suffer or attempt to effect a Transfer, in violation of Section 14 or Section 30 of the Agreement;

(8) Borrower shall be in default under the terms of the CC&Rs, Senior Financing, Junior Financing, Other Financing, the Supportive Services Agreement (if applicable under Section 7 of the Agreement) or any other secured or unsecured obligation relating to the Project, unless the default is cured within the cure period, if any, applicable thereto under the terms of the obligation which is in default.

B. Commission Remedies and HACOLA Remedies. Upon the occurrence of an Event of Default hereunder, the Commission may, in its sole discretion, take any one or more of the following actions:

(1) By notice to Borrower, declare the entire then unpaid principal balance of the Loan immediately due and payable, and the same shall become due and payable without further demand, protest or further notice of any kind, all of which are hereby expressly waived by Borrower. Upon such declaration, outstanding principal and (to the extent permitted by law) interest and any other sums outstanding in connection with the Loan shall thereafter bear interest at the Default Rate, payable from the date of such declaration until paid in full;

(2) Subject to the nonrecourse provisions of Section 4 above, take any and all actions and do any and all things which are allowed, permitted or provided by law, in equity or by statute, in the sole discretion of the Commission, to collect the amounts then due and thereafter to become due hereunder, to exercise its rights under the Deed of Trust, and to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Note or under any other document executed in connection herewith;

(3) Subject to the nonrecourse provisions of Section 4 above, upon the occurrence of an Event of Default, which is occasioned by Borrower's failure to pay money, whether under this Note or the Agreement, the Commission may, but shall not be obligated to, make such payment. If such payment is made by the Commission, Borrower shall deposit with the Commission, upon written demand therefor, such sum plus interest at the Default Rate. The Event of Default with respect to which any such payment has been made by the Commission shall not be deemed cured until such repayment has been made by Borrower. Until repaid, such amounts shall have the security afforded disbursements under this Note;

(4) Subject to the nonrecourse provisions of Section 4 above, upon the occurrence of an Event of Default described in Section 9(A)(4) or 9(A)(5) hereof, the Commission shall be entitled and empowered by intervention in such proceedings or otherwise to file and prove a claim for the whole amount owing and unpaid on the Loan and, in the case of commencement of any judicial proceedings, to file such proof of claim and other papers or documents as may be necessary or advisable in the judgment of the Commission and its counsel to protect the interests of the Commission and to collect and receive any monies or other property in satisfaction of its claim.

C. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Commission is intended to be exclusive of any other available remedy or remedies, but each such remedy shall be cumulative and shall be in addition to every other remedy given under this Note or now or hereafter existing at law or in equity or by statute; and may be exercised in such number, at such times and in such order as the Commission may determine in its sole discretion. No delay or omission to exercise any right or power upon the occurrence of any Event of Default hereunder shall impair any such right or power or shall be

construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient by the Commission. In order to entitle the Commission to exercise any right or remedy reserved to it under this Note, no notice shall be required except as expressly provided herein.

D. Commission Default and Borrower Remedies~~{tc \13 "D. HACOLA Default and Borrower Remedies}~~. Upon fault or failure of the Commission to meet any of its obligations under this Note without curing such failure within thirty (30) days after receipt of written notice of such failure from Borrower specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency, Borrower may, as its sole and exclusive remedies:

(1) Demand and obtain payment from the Commission of any sums due to or for the benefit of Borrower pursuant to the express terms of this Note;

(2) Bring an action in equitable relief seeking the specific performance by the Commission of the terms and conditions of this Note or seeking to enjoin any act by the Commission which is prohibited hereunder; and

(3) Bring an action for declaratory relief seeking judicial determination of the meaning of any provision of this Note.

Without limiting the generality of the foregoing, Borrower shall in no event be entitled to, and hereby waives, any right to seek consequential damages of any kind or nature from the Commission arising out of or in connection with this Note, and in connection with such waiver Borrower is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

10. Agreement to Pay Attorneys' Fees and Expenses~~{tc \11 "10. Agreement to Pay Attorneys' Fees and Expenses}~~.

In the event that either party hereto brings any action or files any proceeding in connection with the enforcement of its respective rights under this Note or any of the other Loan Documents as a consequence of any breach by the other party of its obligations hereunder or thereunder, the prevailing party in such action or proceeding shall be entitled to have its reasonable attorneys' fees and out-of-pocket expenditures paid by the losing party. The attorneys' fees so recovered shall include fees for prosecuting or defending any appeal and shall be awarded for any supplemental proceedings until the final judgment is satisfied in full. In addition to the foregoing award of attorneys' fees, the prevailing party in any lawsuit on this Note or any other Loan Document shall also be entitled to its attorneys' fees incurred in any post-judgment proceedings to collect or enforce the judgment. In addition to the foregoing, Borrower agrees to pay or reimburse the Commission, upon demand by the Commission, for all costs incurred by the Commission in connection with the enforcement of this Note, and any other Loan Document, including without limitation, reasonable attorneys' fees and costs, if there shall be filed by or against Borrower any proceedings under any federal or state bankruptcy or insolvency laws, whether the Commission is a creditor in such proceeding or otherwise.

11. Conflict of Interest; No Individual Liability{tc \l1 "11. Conflict of Interest; No Individual Liability}.

No official or employee of the Commission shall have any personal interest, direct or indirect, in this Note, nor shall any official or employee of the Commission participate in any decision relating to this Note which affects such official's or employee's pecuniary interest in any corporation, partnership or association in which such official or employee is directly or indirectly interested. No official or employee of the Commission shall be personally liable in the event of a breach of this Note by the Commission.

12. Amendments, Changes and Modifications{tc \l1 "12. Amendments, Changes and Modifications}.

This Note may not be amended, changed, modified, or altered without the prior written consent of the parties hereto.

13. Notices{tc \l1 "13. Notices}.

All notices, demands, requests, elections, approvals, disapprovals, consents or other communications given under this Note shall be in writing and shall be given by personal delivery, facsimile, certified mail (return receipt requested), or overnight guaranteed delivery service and faxed or addressed as follows:

If to Commission: Community Development Commission
 of the County of Los Angeles
 Two Coral Circle
 Monterey Park, California 91755-7425
 Attn: Executive Director
 Fax No. (323) 890-8576

With a copy to: Community Development Commission
 of the County of Los Angeles
 Two Coral Circle
 Monterey Park, California 91755-7425
 Attn: Director of Housing Development and Preservation
 Fax No. (323) 890-8576

If to Borrower: The WIN Project
 5230 Pacific Concourse Drive, Suite 200
 Los Angeles, CA 90045
 Attn: Ms. Regina Young
 Fax No.(562) 864-6409

With a copy to: _____

Attn: _____
Fax No. () _____

Notices shall be effective upon receipt, if given by personal delivery; upon receipt, if faxed, provided there is written confirmation of receipt (except that if received after 5 p.m., notice shall be deemed received on the next business day); the earlier of (i) three (3) business days after deposit with United States Mail, or (ii) the date of actual receipt as evidenced by the return receipt, if delivered by certified mail; and one (1) day after deposit with the delivery service, if delivered by overnight guaranteed delivery service. Each party shall promptly notify the other party of any change(s) of address to which notice shall be sent pursuant to this Note.

14. Severability{tc \1 "14. Severability}.

The invalidity or unenforceability of any one or more provisions of this Note will in no way affect any other provision.

15. Interpretation{tc \1 "15. Interpretation}.

Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The captions of the paragraphs of this Note are for convenience only and do not define or limit any terms or provisions. Time is of the essence in the performance of this Note by Borrower. Each Party has been represented by counsel in the negotiation of this Note, and it shall not be interpreted in favor of or against any Party on account of relative responsibilities in drafting. Notwithstanding any other provision of this Note, nothing herein or in this Note shall be deemed to require Borrower to pay interest in the amount of any applicable usury law or other legal limitation on interest, and the terms hereof and of this Note shall be interpreted to require in each instance the lesser of (i) the amount stated in this Note; and (ii) the maximum applicable legal limit. Defined terms not otherwise defined herein shall have the meaning assigned to them by the Agreement.

16. No Waiver; Consents{tc \1 "16. No Waiver; Consents}.

Any waiver by the Commission must be in writing and will not be construed as a continuing waiver. No waiver will be implied from any delay or failure by the Commission to take action on account of any default of Borrower. Consent by the Commission to any act or omission by Borrower will not be construed as consent to any other or subsequent act or omission or to waive the requirement for the Commission's consent to be obtained in any future or other instance.

17. Governing Law{tc \1 "17. Governing Law}.

This Note shall be governed by the laws of the State of California.

18. Representations, Warranties and Additional Covenants of Borrower{tc \1 "18. Representations and Warranties of Borrower}.

Borrower hereby represents, warrants and covenants to the Commission that:

A. Organization and Standing{tc \l3 "A. Organization and Standing}. Borrower is a California legal entity as described in the Transaction Summary set forth in the Agreement, duly formed, qualified to operate in California and validly existing and in good standing under all applicable laws, and has all requisite power and authority to enter into and perform its obligations under this Note, the Agreement, the Deed of Trust, the CC&Rs, and all other documents executed in connection herewith.

B. Enforceability{tc \l3 "B. Enforceability}. This Note and all other instruments to be executed by Borrower in connection with the Loan constitute the legal, valid and binding obligation of Borrower, without joinder of any other party.

C. Authorization and Consents{tc \l3 "C. Authorization and Consents}. The execution, delivery and performance of this Note and all other instruments to be executed in connection herewith is consistent with the operating agreement, partnership agreement or articles and bylaws governing Borrower and have been duly authorized by all necessary action of Borrower's members, partners, directors, officers and shareholders.

D. Due and Valid Execution{tc \l3 "D. Due and Valid Execution}. This Note and all other instruments to be executed in connection herewith, will, as of the date of their execution, have been duly and validly executed by Borrower.

E. Licenses{tc \l3 "E. Licenses}. Borrower will obtain and maintain all material licenses, permits, consents and approvals required by all applicable governmental authorities to own and operate the Project.

F. Litigation and Compliance{tc \l3 "F. Litigation and Compliance}. There are no suits, other proceedings or investigations pending or threatened against, or affecting the business or the properties of Borrower (other than those as have been previously disclosed in writing to the Commission) which could impair its ability to perform its obligations under this Note, nor is Borrower in violation of any laws or ordinances which could materially impair Borrower's ability to perform its obligations under this Note.

G. Default{tc \l3 "G. Default}. There are no facts now in existence which would, with the giving of notice or the lapse of time, or both, constitute an "Event of Default" hereunder, as described in Section 9.

H. No Violations{tc \l3 "H. No Violations}. The execution and delivery of this Note, the Agreement and all other documents executed or given thereunder, and the performances hereunder and thereunder by Borrower, as applicable, will not constitute a breach of or default under any instrument or agreement to which Borrower may be a party nor will the same constitute a breach of or violate any law or governmental regulation.

19. Approvals{tc \l1 "19. Approvals}.

Except with respect to those matters set forth hereinabove providing for the Commission's approval, consent or determination to be at the Commission's "sole discretion" or "sole and absolute discretion," the Commission hereby agrees to act reasonably with regard to any approval, consent, or other determination given by the Commission hereunder. The

Commission agrees to give Borrower written notice of its approval or disapproval following submission of items to the Commission for approval, including, in the case of any disapproved item, the reasons for such disapproval.

Any review or approval of any matter by the Commission or any Commission official or employee under this Note shall be solely for the benefit of the Commission, and neither Borrower nor any other person shall rely upon such review or approval as an indication of the wisdom, soundness, safety, appropriateness, or presence or absence of any matter. Without limiting the generality of the foregoing, Borrower and not the Commission shall be solely responsible for assuring compliance with laws, the suitability of the Site for the Project, the adequacy of the plans, and the safety of the Project construction site, the completed Project, and the operation thereof.

Any consent to a Transfer under Section 30 of the Agreement and any other consent or approval by the Commission under this Note, the Deed of Trust, the Agreement or any of the other documents executed in connection therewith, may be given by the Commission's Executive Director without action by the Commission's governing board, unless the Executive Director in his or her sole discretion elects to refer the matter to the board.

20. Good Faith and Fair Dealing to U1 "20. Good Faith and Fair Dealing).

The Commission and Borrower agree to perform all of their obligations and the actions required of each hereunder in good faith and in accordance with fair dealing.

21. Waiver.

Borrower agrees that it will still be liable for repayment of this Note, subject to the nonrecourse provision of Section 4 above, even if the holder hereof does not follow the procedures of presentment, protest, demand, diligence, notice of dishonor and of nonpayment, which requirements are hereby waived. Failure of the Commission or other holder hereof to exercise any right or remedy hereunder shall not constitute a waiver of any future or other default. No acceptance of a past due installment or indulgence granted from time to time shall be construed to be a waiver of, or to preclude the exercise of, the right to insist upon prompt payment thereafter or to impose late charges retroactively or prospectively, or to waive or preclude the exercise of any other rights which the Commission may have.

IN WITNESS WHEREOF, Borrower has executed this Note as of the date and year first above written

BORROWER:

_____,
a California non-profit public benefit corporation

By: _____
Name: Regina Young
Title: Executive Director

By: _____
Name: _____
Title: _____

EXHIBIT “S”

BOND DEFEASANCE DEED OF TRUST

EXHIBIT "S" TO LOAN AGREEMENT

DEED OF TRUST

OFFICIAL BUSINESS

Document entitled to free
recording per Govt. Code
Section 6103.

Recording Requested by and
When Recorded Mail To:

COMMUNITY DEVELOPMENT
COMMISSION OF THE COUNTY
OF LOS ANGELES
2 Coral Circle
Monterey Park, CA 91755-7425
Attn.: Director of Housing
Development and Preservation

Above Space For Recorder's Use Only

DEED OF TRUST, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("Deed of Trust") is made as of _____, 2003, by and between THE WIN PROJECT, a California non-profit public benefit corporation ("Trustor") whose address is 5230 Pacific Concourse Drive, Suite 200, Los Angeles, California 90045; North American Title Insurance Company of California, Inc. ("Trustee"); and the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("Beneficiary").

R E C I T A L S

A. Beneficiary is making a loan to Trustor in the original principal amount of FORTY FIVE THOUSAND Dollars (\$45,000) (the "Loan") pursuant to that certain Disposition and Development Agreement (the "Agreement") entered into by Trustor and Beneficiary and dated as of _____, 2003. The Loan is evidenced by a promissory note of even date herewith executed by Trustor (the "Note") in the principal amount of the Loan.

B. Trustor intends to use the Loan proceeds for the purpose of providing financing for the housing development described in the Loan Agreement (the "Project"). The Project will be developed on a site legally described on Attachment "1" to this Deed of Trust (the "Property").

NOW THEREFORE, in consideration of the Loan, Trustor hereby irrevocably grants, conveys, transfers and assigns to Trustee, its successors and assigns, in trust, with power of sale and right of entry and possession as provided below all of its present and future estate, right, title and interest in and to the Property, together with all right, title and interest of Trustor therein and in and to, and grants to Beneficiary a security interest in, the following:

(A) All development rights, air rights, water, water rights, and water stock relating to the Property.

(B) All present and future structures, buildings, improvements, appurtenances and fixtures of any kind on the Property, including but not limited to all apparatus, attached equipment and appliances used in connection with the operation or occupancy of the Property, such as heating and air-conditioning systems and facilities used to provide any utility services, ventilation, vehicular cleaning, storage or other services on the Property, and all signage, carpeting and floor coverings, partitions, generators, screens, awnings, boilers, furnaces, pipes, plumbing, vacuum systems, brushes, blowers, cleaning, call and sprinkler systems, fire extinguishing apparatus and equipment, water tanks, heating, ventilating, air conditioning and air cooling equipment, and gas and electric machinery and equipment, it being intended and agreed that all such items will be conclusively considered to be a part of the Property conveyed by this Deed of Trust, whether or not attached or affixed to the Property.

(C) All appurtenances of the Property and all rights of Trustor in and to any streets, roads or public places, easements or rights of way, relating to the Property.

(D) All of the rents, royalties, profits and income related to the Property, to the extent not prohibited by any applicable law.

(E) All proceeds and claims arising on account of any damage to or taking of the Property and all causes of action and recoveries for any loss or diminution in value of the Property.

(F) All existing and future goods, inventory, equipment and all other personal property of any nature whatsoever now or hereafter located on the Property which are now or in the future owned by Trustor and used in the operation or occupancy of the Property or in any construction on the Property but which are not effectively made real property under Clause (B) above, including but not limited to all appliances, furniture and furnishings, building service equipment, and building materials, supplies, equipment, machinery, plumbing and plumbing material and

supplies, concrete, lumber, hardware, electrical wiring and electrical material and supplies, roofing material and supplies, doors, paint, drywall, insulation, cabinets, ceramic material and supplies, flooring, attached appliances, fencing, landscaping and all other materials, supplies and property of every kind and nature.

(G) All present and future accounts, general intangibles, chattel paper, contract rights, deposit accounts, instruments and documents as those terms are defined in the California Uniform Commercial Code, now or hereafter relating or arising with respect to the Property and/or the use thereof or any improvements thereto, including without limitation: (i) all rights to the payment of money, including escrow proceeds arising out of the sale or other disposition of all or any portion of the estate of Trustor upon the Property now or hereafter existing thereon; (ii) all plans, specifications and drawings relating to the development of the Property and/or any construction thereon; (iii) all use permits, licenses, occupancy permits, construction and building permits, and all other permits and approvals required by any governmental or quasi-governmental authority in connection with the development, construction, use, occupancy or operation of the Property; (iv) any and all agreements relating to the development, construction, use, occupancy and/or operation of the Property between Trustor and any contractor, subcontractor, project manager or supervisor, architect, engineer, laborer or supplier of materials; (v) all lease or rental agreements; (vi) all names under which the Property is now or hereafter operated or known and all rights to carry on business under any such names or any variant thereof; (vii) all trademarks relating to the Property and/or the development, construction, use, occupancy or operation thereof; (viii) all goodwill relating to the Property and/or the development, construction, use, occupancy or operation thereof; (ix) all reserves, deferred payments, deposits, refunds, cost savings, bonds, insurance policies and payments of any kind relating to the Property; (x) all loan commitments issued to Trustor in connection with any sale or financing of the Property; (xi) all funds deposited with Beneficiary by Trustor, and all accounts of Trustor with Beneficiary, including all accounts containing security deposits and prepaid rents paid to Trustor in connection with any leases of the Property, and all proceeds thereof; and (xii) all supplements, modifications and amendments to the foregoing.

(H) All of the right, title and interest of Trustor in and to all sales contracts of any nature whatsoever now or hereafter executed covering any portion of the Property, together with all deposits or other payments made in connection therewith.

(I) All of the right, title and interest of Trustor in and to any construction contracts, plans and specifications, building permits, and all other documents necessary for completion of the improvements to the construction of the Property.

(J) All water stock relating to the Property, all shares of stock or other evidence of ownership of any part of the Property that is owned by Trustor in common with others, and all documents of membership in any owner's or members' association or similar group having responsibility for managing or operating any part of the Property.

Trustor does hereby covenant with Trustee and Beneficiary, that Trustor has good right to bargain, sell and convey Trustor's interest in the Property in manner and form as above written; and Trustor warrants and will defend same to Beneficiary, forever, against all lawful claims and demands whatsoever except as stated above.

THIS DEED OF TRUST IS FOR THE PURPOSE OF SECURING:

(1) performance of each agreement of Trustor herein contained or incorporated herein by reference;

(2) payment of the indebtedness (including, without limitation, interest thereon) evidenced by the Note, and any extension or renewal or modification thereof;

(3) performance of each agreement of Trustor contained in the Loan Agreement, or any of the other "Loan Documents" (as defined in the Loan Agreement), and any extension, renewal or modification of such Loan Agreement and other Loan Documents;

TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR HEREBY COVENANTS AND AGREES AS FOLLOWS:

1. Payment of Secured Obligations. To pay when due (a) the principal of, and the interest on, the indebtedness evidenced by the Note, (b) charges, fees and all other sums as provided in the Loan Agreement, and (c) the principal of, and interest on, any future advances secured by this Deed of Trust.

2. Maintenance, Repair, Alterations. To keep the Property in good condition and repair; to complete promptly and in a good and workmanlike manner all buildings and other improvements to be constructed on the Property, including specifically all buildings and improvements described in the Loan Agreement, and promptly restore in like manner any structure that may be damaged or destroyed thereon; to pay when due all claims for labor performed and materials furnished therefor, to comply with all laws, ordinances, regulations, covenants, conditions and restrictions now or hereafter affecting the Property or any part thereof or requiring any alterations or improvements thereon; not to commit or permit any waste or deterioration of the Property; to keep and maintain abutting grounds, sidewalks, roads, parking and landscape areas in good and neat order and repair; not to commit, suffer or permit, to the extent Trustor is able by the exercise of commercially reasonable best efforts, any act to be done in or upon the Property in violation of any law, ordinance or regulation.

3. Insurance. To provide, maintain at its expense and deliver to Beneficiary at all times until payment in full of all obligations secured hereby, insurance as required by the Loan Agreement or the Note. In the event of any loss or damage, Trustor shall give immediate notice thereof to Beneficiary, and Beneficiary may thereupon make proof of such loss or damage, if the same is not promptly made by Trustor. Trustor and Beneficiary hereby agree to cooperate in making any adjustment and compromise of any loss covered by the aforementioned insurance policies upon the Property, and Trustor authorizes and empowers Beneficiary, at its option, to collect and receive the proceeds, and endorse checks and drafts issued therefor. Beneficiary agrees that in the event of any loss covered by insurance policies on the Property subject to this Deed of Trust, provided there is not then existing any material default (or such existing default will be cured by the proceeds of such insurance) in the observance or performance of any of the covenants and agreements contained herein or in the Note or any future notes secured hereby, or in any other agreement with or for the benefit of the Beneficiary in connection with any indebtedness secured hereby, the proceeds of such insurance shall be used for the repair or restoration of the Property and will be disbursed in accordance with such protective terms and conditions as Beneficiary may reasonably impose.

Trustor hereby fully assigns to Beneficiary all current and future claims it may have under any policy of insurance related to the Property or the Project, regardless of whether

such insurance was required to be maintained under the Loan Documents. Any and all unexpired insurance shall inure to the benefit of and pass to the purchaser of the Property at any foreclosure sale, or any Trustee's sale held pursuant hereto.

Further, Beneficiary may at the time in its sole discretion require Trustor to submit satisfactory evidence of insurance policies obtained pursuant to this Paragraph 3 and of Trustor's compliance with all the provisions of said policies.

4. Lawsuits. To appear in and defend, or otherwise take such action therein as the Beneficiary and Trustee or either of them may deem advisable with respect to, any action or proceeding affecting the security for the Loan in which Beneficiary or Trustee may appear.

5. Beneficiary Statement. To pay all charges for all court costs and expenses which Beneficiary may elect to advance in order to keep unimpaired, protect, and preserve the title thereto; and to pay for any statement provided for by law in effect at the date hereof regarding the obligations secured hereby, any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

6. Condemnation. That all judgments, awards of damages and settlements, hereafter made as a result of or in lieu of any condemnation or other proceedings for public use of, or for any damage to, the Property or the improvements thereon, are hereby assigned to Beneficiary. If (i) Trustor is not then in material default hereunder (or such default will be cured with the proceeds from the foregoing), and (ii) the taking is a partial taking, all proceeds thereof shall be applied to restoring the Property, if practicable, as reasonably determined by Beneficiary. In the event (i) Trustor is then in material default hereunder (and such default will not be cured with the proceeds of the foregoing), (ii) the taking is a total taking, or (iii) the taking is a partial taking and Beneficiary has reasonably determined that restoration of the Property is not practicable, the proceeds shall be paid to Beneficiary to the extent of those monies due and owing under the Note, this Deed of Trust, future notes or future deeds of trust, and Beneficiary is hereby authorized to receive such monies. Trustor agrees to execute such further assignments of any such award, judgment or settlement which may be received by Trustor. Subject to any prior rights of creditors under the Senior Financing (as defined in the Loan Agreement), Beneficiary may apply any and all such sums to the indebtedness secured hereby in such manner as it elects or, at its option, the entire amount so received by it or any part thereof may be released. Neither the application nor the release of any such sums shall cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

7. Permitted Acts of Beneficiary. That without affecting the liability of any person, including Trustor (other than any person released pursuant hereto), for the payment of any indebtedness secured hereby, Beneficiary is authorized and empowered as follows: Beneficiary may at any time, and from time to time, either before or after the maturity of the obligations secured hereby, and without notice (a) release any person liable for the payment of any of the indebtedness, (b) make any agreement extending the time or otherwise altering the terms of payment of any of the indebtedness, (c) accept additional security therefor of any kind, or (d) release any property, real or personal, securing the indebtedness.

8. Reconveyance of Property. That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and the Note to Trustee for cancellation and retention, and upon payment of its fees, Trustee

shall reconvey, without warranty, the Property then held hereunder. The recitals in such reconveyance of any matters of fact shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

9. Default and Trustee's Sale. That upon the occurrence of an "Event of Default" under this Deed of Trust (as defined in Section 18 below) Beneficiary may declare all principal remaining unpaid, all interest then earned and remaining unpaid, and all sums other than principal or interest secured hereby, immediately due and payable (and thenceforth at the option of the Beneficiary and except as otherwise prohibited by law, the entire balance of the unpaid principal shall thereafter bear interest at the Default Rate of interest per annum set forth in the Note until paid) and may proceed to exercise the power of sale granted by this Deed of Trust by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said Property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust, the Note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the Property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: first, all sums expended by the Beneficiary under the terms hereof or under the Note, not then repaid, with accrued interest at the Deferral Rate; second, all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

10. Substitute Trustees. Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the Office of the Recorder of the County of Los Angeles, and by otherwise complying with the provisions of California Civil Code Section 2934a, or any successor section, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, right, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed of Trust is recorded and the name and address of the new Trustee.

11. Successors Bound. That this Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, assigns, trustees and receivers. In this Deed of Trust, whenever the context so

requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

12. Evidence of Title. That if, because of any default hereunder, or because of the filing or contemplated filing of any legal proceedings affecting the Property, Beneficiary deems it necessary to obtain an additional evidence of title or to cure any defect in title, Beneficiary may procure such evidence or cure such defect, pay the cost thereof, and shall have an immediate claim against Trustor therefor, together with a lien upon the Property for the amount so paid, with interest at the Deferral Rate. Beneficiary is further authorized to require an appraisal of the Property at any time that Beneficiary may reasonably request.

13. Default in Other Instruments; Bankruptcy. That default in the terms of any other instrument securing the debt secured hereby, and/or the filing or other commencement of any bankruptcy or insolvency proceedings including any assignment for the benefit of creditors or other proceedings intended to liquidate or rehabilitate, by, for or against Trustor shall after any applicable notice and cure period constitute default under this Deed of Trust.

14. Statute of Limitations. That the pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived by the Trustor, to the full extent permissible by law.

15. Severability. That the invalidity of any one or more covenants, phrases, clauses, sentences, paragraphs or sections of this Deed of Trust shall not affect the remaining portions of this Deed of Trust or any part hereof and this Deed of Trust shall be constructed as if such invalid covenants, phrases, sentences, paragraphs or sections, if any, had not been inserted herein.

16. Order of Application. That if the indebtedness secured hereby is now or hereafter becomes further secured by a security agreement, deed of trust, pledge, contract of guaranty or other additional securities, Beneficiary may to the full extent allowed by law, at its option, exhaust any one or more of said securities as well as the security hereunder, either concurrently or independently and in such order as it may determine, and may apply the proceeds received upon the indebtedness secured hereby without affecting the status of, or waiving any right to exhaust all or any other security including the security thereunder and without waiving any breach or default in any right or power, whether exercised hereunder or contained herein, or in any such other security.

17. Covenants of Trustor.

(a) Audit by State and Federal Agencies. In the event the Loan is subjected to audit, monitoring or other inspections by appropriate state and federal agencies, Trustor shall comply with such inspections and pay, on behalf of itself and Beneficiary, the full amount of the cost to the inspecting agency of such inspections (unless such inspection and any resulting liability arises solely from the gross negligence or willful misconduct of Beneficiary).

(b) Program Evaluation and Review Trustor shall allow Beneficiary's authorized personnel to inspect and monitor its facilities and program operations as they relate to the Project or the Loan Agreement, including the interview of

Trustor's staff, tenants, and other program participants, as reasonably required by Beneficiary during the term of the Loan.

18. Default. The Trustor shall be in default under this Deed of Trust upon any of the following events which, if not cured within the applicable cure period provided, if any, shall constitute an event of default hereunder ("Event of Default"):

a. The failure of Trustor to pay or perform any monetary covenant or obligation hereunder or under the terms of the Note, the Loan Agreement or any other documents executed in connection therewith, without curing such failure within ten (10) days from the date such payment is due. Notwithstanding anything herein to the contrary, the herein described cure period shall not apply to a failure by Trustor to timely repay the Loan at the Maturity Date of the Note;

b. The failure of Trustor to perform any nonmonetary covenant or obligation hereunder or under the terms of the Loan Agreement, the Note or any other documents executed in connection therewith, without curing such failure within thirty (30) days after receipt of written notice of such default from Beneficiary (or from any party authorized by Beneficiary to deliver such notice as identified by Beneficiary in writing to Trustor) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency; provided, however, that if any default with respect to a nonmonetary obligation is such that it cannot be cured within a 30-day period, it shall be deemed cured if Trustor commences the cure within said 30-day period and diligently prosecutes such cure to completion thereafter. Notwithstanding anything herein to the contrary, the herein described notice requirements and cure periods shall not apply to any Event of Default described in Sections 18(c) through 18(h) below;

c. The material falsity of any representation or breach of any warranty or covenant made by Trustor under the terms of this Deed of Trust, the Note, the Loan Agreement or any other document executed in connection therewith;

d. Trustor or any constituent member or partner, or majority shareholder, of Trustor shall (a) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of its property, (b) fail to pay or admit in writing its inability to pay its debts generally as they become due, (c) make a general assignment for the benefit of creditors, (d) be adjudicated a bankrupt or insolvent or (e) commence a voluntary case under the Federal bankruptcy laws of the United States of America or file a voluntary petition that is not withdrawn within ten (10) days of the filing thereof or answer seeking an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy or insolvency proceeding;

e. If without the application, approval or consent of Trustor, a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, in respect of Trustor or any constituent member or partner, or majority shareholder, of Trustor, for an order for relief or an adjudication in bankruptcy, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of Trustor or of all or any substantial part of Trustor's assets, or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by Trustor, in good faith, the same shall (a) result in the entry of an order for

relief or any such adjudication or appointment, or (b) continue undismissed, or pending and unstayed, for any period of ninety (90) consecutive days;

f. Trustor shall suffer or attempt to effect a "Transfer" (as defined in Section 33 below) other than in full compliance with the terms of this Deed of Trust (or otherwise in violation of Section 14 or 30 of the Loan Agreement);

g. Trustor shall be in default under the CC&Rs, the Senior Financing, any Junior Financing or Other Financing (as all these terms are defined in the Loan Agreement), the Supportive Services Agreement (as defined in, and if applicable under, Section 7 of the Loan Agreement) or any other secured or unsecured obligation relating to the Project, unless the default is cured or waived within the cure period, if any, applicable thereto under the terms of the obligation which is in default; or

h. Following completion of the construction of the Project, voluntary cessation of the operation of the Project for a continuous period of more than thirty (30) days or the involuntary cessation of the operation of the Project in accordance with this Deed of Trust for a continuous period of more than sixty (60) days.

19. Acceleration. The entire principal and all accrued and unpaid interest on the Note shall be due and payable as therein set forth; provided, however, that the entire balance of the outstanding principal and all accrued and unpaid interest on the Note, together with any outstanding interest and other amounts payable thereunder, shall, at the election of Beneficiary and upon notice to Trustor thereof (except in the case of default described in Section 18 (c) or (d) , in which case no notice shall be required), become immediately due and payable upon any Event of Default as set forth in the Note, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Trustor.

20. Breach by Trustor, Cure by Beneficiary or Trustee. In the event of Trustor's failure to comply with any or all of the promises and agreements set forth in this Deed of Trust or to make any payment or to do any act as provided in this Deed of Trust, then Beneficiary or Trustee, but without obligation to do so and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either in its sole judgment may deem necessary to protect the security hereof (including, without limitation, to procure insurance and pay the premiums therefor; to pay unpaid water rents, sewer service charges, and other governmental or municipal charges and rates, and all or any part of the unpaid taxes, assessments, and reassessments, if in its judgment the same are just and valid; to pay the cost of appraisals, reappraisals, and extensions of title; to enter or have its agents enter upon the Property whenever reasonably necessary for the purpose of inspecting the Property or making repairs or installations as it deems necessary to preserve the Property or to protect the same from vandalism, without thereby becoming liable as a trespasser or mortgagee or beneficiary in possession, and to pay for such repairs and installations). Beneficiary and Trustee are hereby authorized to enter upon the Property for such purposes; to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; to pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, to pay necessary expenses, employ counsel of its choice and pay the reasonable fees of such counsel. Trustor agrees to pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from the date of expenditure at the amount allowed by law in effect at the date

hereof, and that Beneficiary shall have a lien upon the Property for the sums so expended and such interest thereon.

21. Security Agreement. That all property covered by this Deed of Trust be deemed to constitute real property or interests in real property to the maximum extent permitted under applicable law. To the extent that any tangible property, equipment or other property covered by this Deed of Trust constitutes personal property, such personal property shall constitute additional security. This Deed of Trust shall create in Beneficiary a security interest in such personal property and shall in respect thereof constitute a security agreement (the "Security Agreement"). Beneficiary shall be entitled to all of the rights and remedies in respect of any personal property included in the Property covered by this Deed of Trust afforded a secured party under the Uniform Commercial Code and other applicable law. At Beneficiary's request Trustor will at any time and from time to time furnish Beneficiary for filing financing statements signed by Trustor in form satisfactory to Beneficiary. Trustor acknowledges and agrees that thirty (30) days' notice as to the time, place and date of any proposed sale of any personal property shall be deemed reasonable for all purposes. Trustor agrees that the Security Agreement created hereby shall survive the termination or reconveyance of this Deed of Trust unless Beneficiary executes documentation expressly terminating the Security Agreement.

22. Assumption of Liability. Except as provided in Section 33, the assumption of liability for the payment of the indebtedness hereby secured, by any successor in interest to Trustor in the Property (in the event Beneficiary elects not to accelerate the repayment of the Loan pursuant to any transfer or disposition of the Property by operation of law or otherwise) shall not release Trustor from any liability Trustor has hereunder or under the other Loan Documents for the payment of such indebtedness or any sums advanced under and secured by this Deed of Trust. Any forbearance or indulgence of Beneficiary, or extensions of time for the payment of all or any part of the indebtedness secured hereby, or the release of a part of the Property from the lien of this Deed of Trust, for, or without, payment of a consideration, shall not in any manner diminish or reduce the liability of Trustor (subject to the nonrecourse provisions of Section 27) for the payment of the indebtedness now or hereafter secured hereby; and that any payments made upon the said indebtedness shall be deemed to have been made on behalf and for the benefit of all parties obligated to pay the same. The acceptance of payments in excess of the installments provided to be paid upon the Note or the consideration paid for any such release shall not alter or diminish the obligation of Trustor to thereafter make payments in the amounts and on the dates provided therein, until the same are fully paid.

23. Future Advances. That upon the request of the Trustor or its successor in ownership of the Property, Beneficiary may, at its option, at any time before full payment of the Note secured hereby, make further advances to the Trustor or its successors in ownership, and the same, with interest and late charges as permitted by law, shall be secured by this Deed of Trust; and provided further that if Beneficiary, at its option, shall make a further advance or advances as aforesaid, the Trustor or its successors in ownership agree to execute and deliver to Beneficiary a note to evidence the same, payable on or before the maturity of the indebtedness under the Note secured hereby and bearing such other terms as Beneficiary shall require.

Trustor further acknowledges and agrees: that this Deed of Trust is intended to, and shall, secure not only the original indebtedness under the Note, but any and all future advances made by Beneficiary to Trustor; that this Deed of Trust shall secure any unpaid

balances of advances made with respect to the Property; that Beneficiary shall have the benefit of all statutes now existing or henceforth enacted to assure repayment of any such future advances plus interest thereon; that to secure the payment of said original indebtedness and future advances Beneficiary shall also have a lien upon all other personal property and securities now or hereafter in its possession belonging to Trustor; that all rights, powers and remedies conferred upon Beneficiary herein are in addition to each and every other right which Beneficiary has hereunder; that all rights, powers and remedies conferred upon Beneficiary in equity or by law may be enforced concurrently therewith; that Beneficiary shall be subrogated to the rights and seniority of any prior lien paid or released by reason of the application thereon of any of the proceeds hereof, and that each and all of the covenants, agreements, and provisions hereof shall bind the respective heirs, executors, administrators, successors, and assigns of Trustor and Beneficiary herein, and all others who subsequently acquire any right, title, or interest in the Property, or to this Deed of Trust and the indebtedness secured hereby.

24. Captions. That the captions of the sections of this Deed of Trust are for convenience only and shall not be considered in resolving questions of interpretation or construction.

25. Estoppel Certificates. That Trustor shall from time to time at Beneficiary's request furnish Beneficiary or any person designated by Beneficiary, a certified statement in form reasonably satisfactory to Beneficiary confirming as of the date of the certificate the unpaid principal balance and accrued interest on the Note and stating that Trustor is not in default hereunder (or describing any default), and stating that Trustor has no defense, right of set off or counterclaim in the payment of the indebtedness, or any part thereof, or the observance or performance of any obligation (or describing any such defense, set off or counterclaim). Any purchaser or assignee of the Note or this Deed of Trust or any interest therein may rely on such certificate.

26. Books and Records. That Trustor and all subsequent owners of the Property, if any, shall keep and maintain full and correct books and records showing in detail the earnings and expenses of the Property and shall permit Beneficiary at no expense to Trustor or its representatives to examine such books and records and all supporting data and vouchers, from time to time at reasonable times, on request, at Trustor's offices or at another mutually agreed upon location.

27. Obligation Nonrecourse. Except to the extent any Event of Default hereunder results directly or indirectly from any fraud or intentional and material misrepresentation by Borrower in connection with the Loan, the Loan is a nonrecourse obligation of Trustor and in the event of the occurrence of an Event of Default, Beneficiary's only recourse under this Deed of Trust shall be against the Property, the proceeds thereof, the rents and other income arising from its use and occupancy as provided in the Deed of Trust, and any other collateral given to Beneficiary as security for repayment of the Loan.

28. Fixture Filing. This Deed of Trust is also a fixture filing with respect to the personal property which is or is to become fixtures on the Property, and is to be recorded in the real property records of Los Angeles County, California.

29. Assignment of Rents. All of the existing and future rents, royalties, income, and profits of the Property that arise from its use or occupancy are hereby absolutely and presently assigned to Beneficiary. However, until Trustor is in default under this Deed of

Trust, Trustor will have a license to collect and receive those rents, royalties, income and profits. Upon any Event of Default by Trustor, Beneficiary may terminate Trustor's license in its discretion, at any time, without notice to Trustor, and may thereafter collect the rents, royalties, income and profits itself or by an agent or receiver. No action taken by Beneficiary to collect any rents, royalties, income or profits will make Beneficiary a "mortgagee-in-possession" of the Property, unless Beneficiary personally or by agent enters into actual possession of the Property. Possession by a court-appointed receiver will not be considered possession by Beneficiary. All rents, royalties, income and profits collected by Beneficiary or a receiver will be applied first to pay all expenses of collection, and then to the payment of all costs of operation and management of the Property, and then to the payment of the indebtedness and obligations secured by the Deed of Trust in whatever order Beneficiary directs in its absolute discretion and without regard to the adequacy of its security. If required by Beneficiary, each lease or occupancy agreement affecting any of the Property must provide, in a manner approved by Beneficiary, that the tenant will recognize as its lessor any person succeeding to the interest of Trustor upon any foreclosure of this Deed of Trust. The expenses (including receivers' fees, if any, compensation to any agent appointed by Beneficiary, counsel fees, costs and compensation to any agent appointed by Beneficiary, and disbursements) incurred in taking possession and making such collection, shall be deemed a portion of the expense of this trust. The entering upon and taking possession of the Property, and/or the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. Beneficiary may exercise any one or more of the remedies in this section without waiving its right to exercise any such remedies again or for the first time in the future. The foregoing shall be subject to the provisions of applicable law.

30. Applicable Law. This Deed of Trust shall be governed by, and construed in accordance with, the laws of the State of California.

31. Approvals. Except with respect to those matters set forth hereinabove providing for the Beneficiary's approval, consent or determination to be at the Beneficiary's "sole discretion" or "sole and absolute discretion," the Beneficiary hereby agrees to act reasonably with regard to any approval, consent, or other determination given by the Beneficiary hereunder. The Beneficiary agrees to give Trustor written notice of its approval or disapproval following submission of items to the Beneficiary for approval, including, in the case of any disapproved item, the reasons for such disapproval. Any consent to a transfer under Section 33 of this Deed of Trust, and any other consent or approval by Beneficiary under this Deed of Trust or any of the other Loan Documents, may be given by Beneficiary's Executive Director without action of Beneficiary's governing board unless the Executive Director in his or her sole discretion elects to refer the matter to the board.

32. Good Faith and Fair Dealing. The Beneficiary and Trustor agree to perform all of their obligations and the actions required of each hereunder in good faith and in accordance with fair dealing.

33. Assignment of Interest.

a. Without the prior written approval of the Beneficiary, which approval the Beneficiary may withhold in its sole and absolute discretion, Trustor shall not (i) sell, encumber, assign or otherwise transfer (collectively, "Transfer") all or any portion of its interest in the Property or the Project (excluding tenant leases pursuant to the terms of the Loan

Agreement), (ii) permit the Transfer of greater than 49% of its ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis, or (iii) Transfer any of its rights or obligations under the Loan Documents. Notwithstanding the foregoing, Beneficiary consents to the events described in the last paragraph of Section 14.0 of the Loan Agreement without Trustor obtaining any further consent of Beneficiary. Trustor hereby agrees that any purported Transfer not approved by the Beneficiary as required herein shall be ipso facto null and void, and no voluntary or involuntary successor to any interest of Trustor under such a proscribed Transfer shall acquire any rights pursuant to the Loan Agreement or this Deed of Trust.

b. At any time Trustor desires to effect a Transfer hereunder, Trustor shall notify the Beneficiary in writing (the "Transfer Notice") and shall submit to the Beneficiary for its prior written approval (i) all proposed agreements and documents (collectively, the "Transfer Documents") memorializing, facilitating, evidencing and/or relating to the circumstances surrounding such proposed Transfer, and (ii) a certificate setting forth representations and warranties by Trustor and the proposed transferee to the Beneficiary sufficient to establish and ensure that all requirements of this Section 33 have been and will be met. No Transfer Documents shall be approved by the Beneficiary unless they expressly provide for the assumption by the proposed transferee of all of Trustor's obligations under the Loan Documents. The Transfer Notice shall include a request that the Beneficiary consent to the proposed Transfer and shall also include a request that Trustor be released from further obligations under the Loan Documents. The Beneficiary agrees to make its decision on Trustor's request for consent to such Transfer, as promptly as possible, and, in any event, not later than thirty (30) days after the Beneficiary receives the last of the items required by this Section 33. In the event the Beneficiary consents to a proposed Transfer, then such Transfer shall not be effective unless and until the Beneficiary receives copies of all executed and binding Transfer Documents which Transfer Documents shall conform with the proposed Transfer Documents originally submitted by Trustor to the Beneficiary. From and after the effective date of any such Transfer, Trustor shall be released from its obligations under this Deed of Trust and the other Loan Documents accruing subsequent to such effective date.

c. Notwithstanding anything in this Deed of Trust to the contrary, Trustor agrees that it shall not be permitted to make any Transfer, whether or not the Beneficiary consent is required therefor and even if the Beneficiary has consented thereto, if there exists an Event of Default under this Deed of Trust at the time the Transfer Notice is tendered to the Beneficiary or at any time thereafter until such Transfer is to be effective.

d. The provisions of this Section 33 shall apply to each successive Transfer and proposed transferee in the same manner as initially applicable to Trustor under the terms set forth herein.

IN WITNESS WHEREOF, the undersigned have executed this Deed of Trust as of the date first above written.

TRUSTOR:

THE WIN PROJECT, a California non-profit public benefit corporation

By: _____

Its: Executive Director

By: _____

Its: _____

BENEFICIARY:

COMMUNITY DEVELOPMENT COMMISSION OF THE
COUNTY OF LOS ANGELES, a public body corporate and
politic

By: _____
Executive Director

APPROVED AS TO FORM:

Lloyd W. Pellman, County Counsel

By: _____
Deputy

On _____ before me, _____,
Notary _____ Public, _____ personally _____ appeared
_____, personally known to me (or
proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the
same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the
instrument.

Signature

On _____ before me, _____,
Notary _____ Public, _____ personally _____ appeared
_____, personally known to me (or
proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the
same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the
instrument.

Signature

ATTACHMENT 1

LEGAL DESCRIPTION OF PROPERTY

Lot 24 in Block 9 of Tract No. 5018, in the County of Los Angeles, State of California, as per map recorded in Book 54 page(s) 21 of Maps, in the Office of the County Recorder of said county.

EXHIBIT “T”

CONSTRUCTION REQUIREMENTS

DESIGN GUIDELINES

- A. A minimum of 1,200 - 1,400 square feet unit of dwelling floor space per 3 bedroom (garage not included).
- B. Bedroom size at least 100 square feet with a minimum width of ten (10) feet (closets not included).
- C. Master bedroom substantially larger than the other bedrooms.
- D. Master bedroom provides at least 10 linear feet of closet space. Other bedrooms provide at least five (5) linear feet of closet space. Appropriate linen closets must be included.
- E. Side-by-side washer and dryer space (consider locating upstairs near bedrooms) to include bi-fold or swing doors, utility shelf, and light fixture.
- F. Central heating and central air conditioning.
- G. Kitchen and bathroom cabinets to have construction detailing equal to Woodwork Institute of California (WIC) custom grade with plastic laminate faces over medium density fiberboard (MDF). Drawers and cases to have melamine interiors. Counter top to be bull nosed plastic laminate with upgrade available to solid surface veneer or ceramic tile.
- H. Twenty-five year warranty minimum dimensional/architectural fiberglass shingles with ridge accent, gutters and downspouts.
- I. Good or better quality vinyl sheet flooring in kitchen and bathrooms and Federal Housing Administration (FHA) grade carpeting in other rooms, with painted or stained wood base.
- J. Front-yard landscaping to include Marathon sod lawn or drought tolerant landscaping, automatic time sprinkler system, at least one 36 inch minimum box sized tree per unit, and additional low-maintenance plantings including ground covers and shrubs.
- K. Dual glazed operable and fixed windows. No clear anodized aluminum finish windows.
- L. Rear fencing can be chain link if it is planted with vines.
- M. Garage door and automatic opener, and required guest parking, both with sufficient security and convenience lighting.
- N. All closets 24" deep minimum, with rod, shelf, and light fixture.

- O. Provide sufficient exterior security lighting with timer.
- P. Bathrooms should accommodate full-size cast iron tubs with shower with ceramic tile or solid surface surrounds, toilet, lavatory/vanity with recessed medicine cabinet and mirror, towel bars, heat lamp/fan in addition to standard lighting. Preference for natural light and ventilation.
- Q. All units must be wired for telephone, computers, and cable.

EXHIBIT “U”

SAFELY SURRENDERED BABY LAW FACT SHEET

No shame.

No blame.

No names.

**Newborns can be safely given up
at any Los Angeles County
hospital emergency room or fire station.**



In Los Angeles County:

1-877-BABY SAFE

1-877-222-9723

www.babysafela.org



State of California
Gray Davis, Governor

Health and Human Services Agency
Grantland Johnson, Secretary

Department of Social Services
Rita Saenz, Director



Los Angeles County Board of Supervisors

Gloria Molina, Supervisor, First District
Yvonne Brathwaite Burke, Supervisor, Second District
Zev Yaroslavsky, Supervisor, Third District
Don Knabe, Supervisor, Fourth District
Michael D. Antonovich, Supervisor, Fifth District

This initiative is also supported by First 5 LA and INFO LINE of Los Angeles.

What is the Safely Surrendered Baby Law?

California's Safely Surrendered Baby Law allows parents to give up their baby confidentially. As long as the baby has not been abused or neglected, parents may give up their newborn without fear of arrest or prosecution.

How does it work?

A distressed parent who is unable or unwilling to care for a baby can legally, confidentially and safely give up a baby within three days of birth. The baby must be handed to an employee at a Los Angeles County emergency room or fire station. As long as the child shows no signs of abuse or neglect, no name or other information is required. In case the parent changes his or her mind at a later date and wants the baby back, workers will use bracelets to help connect them to each other. One bracelet will be placed on the baby, and a matching bracelet will be given to the parent.

What if a parent wants the baby back?

Parents who change their minds can begin the process of reclaiming their newborns within 14 days. These parents should call the Los Angeles County Department of Children and Family Services at 1-800-540-4000.

Can only a parent bring in the baby?

In most cases, a parent will bring in the baby. The law allows other people to bring in the baby if they have legal custody.

Does the parent have to call before bringing in the baby?

No. A parent can bring in a baby anytime, 24 hours a day, 7 days a week so long as the parent gives the baby to someone who works at the hospital or fire station.

Does a parent have to tell anything to the people taking the baby?

No. However, hospital personnel will ask the parent to fill out a questionnaire designed to gather important medical history information, which is very useful in caring for the child. Although encouraged, filling out the questionnaire is not required.

What happens to the baby?

The baby will be examined and given medical treatment, if needed. Then the baby will be placed in a pre-adoptive home.

What happens to the parent?

Once the parent(s) has safely turned over the baby, they are free to go.

Why is California doing this?

The purpose of the Safely Surrendered Baby Law is to protect babies from being abandoned by their parents and potentially being hurt or killed. You may have heard tragic stories of babies left in dumpsters or public bathrooms. The parents who committed these acts may have been under severe emotional distress. The mothers may have hidden their pregnancies, fearful of what would happen if their families found out. Because they were afraid and had nowhere to turn for help, they abandoned their infants. Abandoning a baby puts the child in extreme danger. It is also illegal. Too often, it results in the baby's death. Because of the Safely Surrendered Baby Law, this tragedy doesn't ever have to happen in California again.

A baby's story

At 8:30 a.m. on Thursday, July 25, 2002, a healthy newborn baby was brought to St. Bernardine Medical Center in San Bernardino under the provisions of the California Safely Surrendered Baby Law. As the law states, the baby's mother did not have to identify herself. When the baby was brought to the emergency room, he was examined by a pediatrician, who determined that the baby was healthy and doing fine. He was placed with a loving family while the adoption process was started.

Every baby deserves a chance for a healthy life. If someone you know is considering abandoning a newborn, let her know there are other options.

It is best that women seek help to receive proper medical care and counseling while they are pregnant. But at the same time, we want to assure parents who choose not to keep their baby that they will not go to jail if they deliver their babies to safe hands in any Los Angeles County hospital ER or fire station.

Sin pena. Sin culpa. Sin peligro.

**Los recién nacidos pueden ser entregados
en forma segura en la sala de emergencia de
cualquier hospital o en un cuartel de bomberos
del Condado de Los Angeles.**



En el Condado de Los Angeles:

1-877-BABY SAFE

1-877-222-9723

www.babysafela.org



Estado de California
Gray Davis, Gobernador

Agenda de Salud y Servicios Humanos
(Health and Human Services Agency)
Grantland Johnson, Secretario

Departamento de Servicios Sociales
(Department of Social Services)
Rita Saenz, Directora



Consejo de Supervisores del Condado de Los Angeles

Gloria Molina, Supervisora, Primer Distrito

Yvonne Brathwaite Burke, Supervisora, Segundo Distrito

Zev Yaroslavsky, Supervisor, Tercer Distrito

Don Knabe, Supervisor, Cuarto Distrito

Michael D. Antonovich, Supervisor, Quinto Distrito

Esta Iniciativa tambien esta apollada por First 5 LA y INFO LINE de Los Angeles.

¿Qué es la Ley de Entrega de Bebés Sin Peligro?

La Ley de Entrega de Bebés Sin Peligro de California permite a los padres entregar a su recién nacido confidencialmente. Siempre que el bebé no haya sufrido abuso ni negligencia, padres pueden entregar a su recién nacido sin temor a ser arrestados o procesados.

¿Cómo funciona?

El padre/madre con dificultades que no pueda o no quiera cuidar de su recién nacido puede entregarlo en forma legal, confidencial y segura, dentro de los tres días del nacimiento. El bebé debe ser entregado a un empleado de una sala de emergencias o de un cuartel de bomberos del Condado de Los Angeles. Siempre que el bebé no presente signos de abuso o negligencia, no será necesario suministrar nombres ni información alguna. Si el padre/madre cambia de opinión posteriormente y desea recuperar a su bebé, los trabajadores utilizarán brazaletes para poder vincularlos. El bebé llevará un brazaletes y el padre/madre recibirá un brazaletes igual.

¿Qué pasa si el padre/madre desea recuperar a su bebé?

Los padres que cambien de opinión pueden empezar el proceso de reclamar a su recién nacido dentro de los 14 días. Estos padres deberán llamar al Departamento de Servicios para Niños y Familias (Department of Children and Family Services) del Condado de Los Angeles, al 1-800-540-4000.

¿Sólo los padres podrán llevar al recién nacido?

En la mayoría de los casos, los padres son los que llevan al bebé. La ley permite que otras personas lleven al bebé si tienen la custodia legal del menor.

¿Los padres deben llamar antes de llevar al bebé?

No. El padre/madre puede llevar a su bebé en cualquier momento, las 24 horas del día, los 7 días de la semana, mientras que entregue a su bebé a un empleado del hospital o de un cuartel de bomberos.

¿Es necesario que el padre/madre diga algo a las personas que reciben al bebé?

No. Sin embargo, el personal del hospital le pedirá que llene un cuestionario con la finalidad de recabar antecedentes médicos importantes, que resultan de gran utilidad para los cuidados que recibirá el bebé. Es recomendado llenar este cuestionario, pero no es obligatorio hacerlo.

¿Qué ocurrirá con el bebé?

El bebé será examinado y, de ser necesario, recibirá tratamiento médico. Luego el bebé se entregará a un hogar preadoptivo.

¿Qué pasará con el padre/madre?

Una vez que los padres hayan entregado a su bebé en forma segura, serán libres de irse.

¿Por qué California hace esto?

La finalidad de la Ley de Entrega de Bebés Sin Peligro es proteger a los bebés del abandono por parte de sus padres y de la posibilidad de que mueran o sufran daños. Usted probablemente haya escuchado historias trágicas sobre bebés abandonados en basureros o en baños públicos. Es posible que los padres que cometieron estos actos hayan estado atravesando dificultades emocionales graves. Las madres pueden haber ocultado su embarazo, por temor a lo que pasaría si sus familias se enteraran. Abandonaron a sus recién nacidos porque tenían miedo y no tenían adonde recurrir para obtener ayuda. El abandono de un recién nacido lo pone en una situación de peligro extremo. Además es ilegal. Muy a menudo el abandono provoca la muerte del bebé. Ahora, gracias a la Ley de Entrega de Bebés Sin Peligro, esta tragedia ya no debe suceder nunca más en California.

Historia de un bebé

A las 8:30 a.m. del jueves 25 de julio de 2002, se entregó un bebé recién nacido saludable en el St. Bernardine Medical Center en San Bernardino, en virtud de las disposiciones de la Ley de Entrega de Bebés Sin Peligro. Como lo establece la ley, la madre del bebé no se tuvo que identificar. Cuando el bebé llegó a la sala de emergencias, un pediatra lo revisó y determinó que el bebé estaba saludable y no tenía problemas. El bebé fue ubicado con una buena familia, mientras se iniciaban los trámites de adopción.

**Cada recién nacido merece una
oportunidad de tener una vida saludable.
Si alguien que usted conoce está pensando
en abandonar a un recién nacido, infórmele
qué otras opciones tiene.**

Es mejor que las mujeres busquen ayuda para recibir atención médica y asesoramiento adecuado durante el embarazo. Pero al mismo tiempo, queremos asegurarles a los padres que optan por no quedarse con su bebé que no irán a la cárcel si dejan a sus bebés en buenas manos en cualquier sala de emergencia de un hospital o en un cuartel de bomberos del Condado de Los Angeles.